

CENTER CITY DIGEST

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

SUMMER 2010

Capturing a Greater Share of Regional Growth

When a city loses a quarter of its population and half of its jobs in 60 years, it's bound to have some empty buildings and surplus land. We will reverse those trends only through a strategy that concentrates limited resources and market demand on existing employment nodes and fosters developments that align with global economic, transportation and demographic trends.

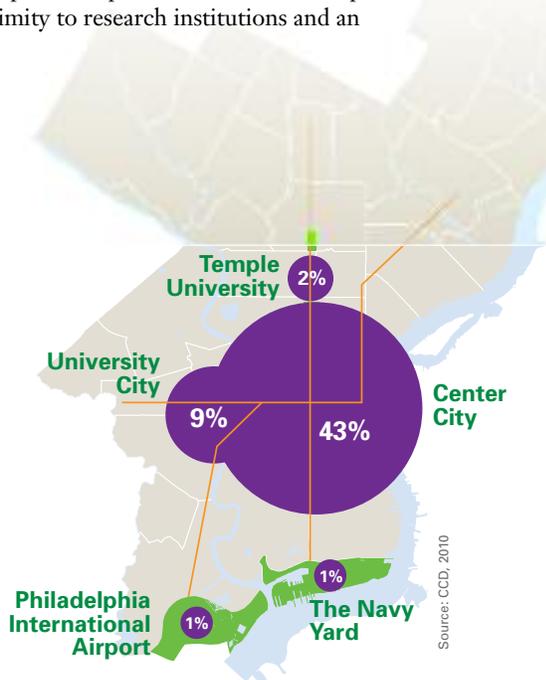
Philadelphia's past was grounded in manufacturing, supported by manual labor, fixed-rail and water-borne commerce. Today's economy is driven by an impressive concentration of land-owning health-care and educational institutions that buffered us well in this recession. Future growth comes from the expansion locally of highly-mobile professional, business and financial services firms that move ideas, plans or millions of dollars around the world at the stroke of a computer key. Success also rides on expanding pharmaceutical and technology firms and upon entrepreneurs who thrive on proximity to research institutions and an

international airport. All of these enterprises require a highly educated workforce, low barriers to entry, and tax policies that don't make the only rational choice the decision to depart.

This recession demonstrated that walkable, transit-oriented, mixed-use places are more resilient and sustainable than auto-dependent exurbs. The diversification of land use in the last two decades with arts and cultural venues, hotels, restaurants and housing helped downtown occupancy rates and real estate values hold up better in this recession than in the previous two. No surprise that four of the nodes of 21st century growth in Philadelphia — Center City, University City, Temple University and the Navy Yard, which account for 55% of all jobs in the city — are redefining themselves as walkable, live/work campus settings. All are strengthening their connections to transit, reinforcing the pedestrian fabric and diversifying ground floor retail offerings.



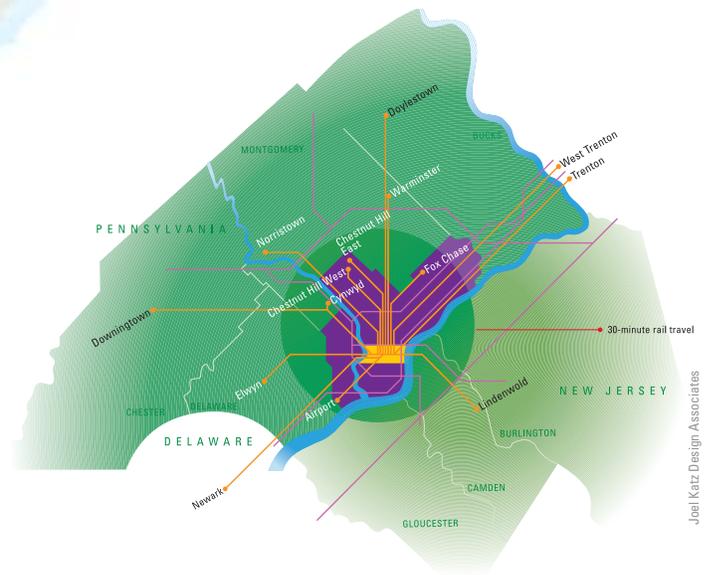
J.B.Abbott



Source: CCD, 2010

- Percent of Philadelphia Employment, 2008
- SEPTA Lines

Fifty-six percent of all jobs in Philadelphia are clustered in just five nodes of post-industrial employment.



Joel Katz Design Associates

Center City is connected via regional transit lines in a 360 degree metropolitan labor market.

Filling the Gaps Downtown

Walkability is our competitive edge. Fifty-nine percent of Center City's residents commute to work without a car. They cite proximity to arts, entertainment and dining as the primary benefit of downtown living. Restaurants thrive within steps of office towers, theaters and cultural institutions. Trade show and convention planners avoid the cost of buses — essential links in most cities — between hotels and convention centers. Our overnight guests routinely patronize places they walk by each day. This self-reinforcing dynamic, like the proliferation of outdoor cafes, dictates a powerful development imperative: *fill in the gaps in the fabric.*

To be sure, few projects can be financed today. And Philadelphia taxes and construction labor costs erect high barriers around many well-placed sites. But let's conduct what philosophers call a *thought experiment* and imagine:

- The national recovery is real and sustainable
- Philadelphia's elected officials come to the realization in 2011 that while higher taxes may have preserved 22,000 public sector jobs, they erode the remaining 543,000 private sector and institutional jobs that are the primary source of income for the overwhelming majority of their constituents.

Prime Development Opportunities

What follows are profiles of seven key sites in the core of downtown that could be transformed in the next cycle of growth. Parking may be an acceptable interim use, but the break in pedestrian continuity lowers the value of adjacent sites. It's like drilling a hole in the bottom of a boat.



2201 Market Street (64,000 square feet)

Current use: parking lot for PECO employees
Assessed value: \$19 per square foot
Assessed value of nearby office development: \$530 per square foot*
Assessed value of adjacent residential development: \$386 per square foot
Transit access: 22nd Street subway-surface line; 5-minute walk to AMTRAK and SEPTA's 30th Street Station
Development potential: Located where Center City's office district steps down into residential, this site is key to connecting the western edge of Center City to University City and linking the residential neighborhoods of Rittenhouse and Logan Square. This parcel could become a mixed-use commercial/residential development, a multiplex theater, big box retail or an intriguing opportunity for institutional expansion should Drexel University choose to grow its main campus towards the east.



1907 Walnut Street (13,800 square feet)

Current use: vacant lot
Assessed value: \$116 per square foot
Assessed value of adjacent residential development: \$512 per square foot
Pedestrian count: 2,280 per hour
Development potential: After the Eric movie theater burned down in 1994, the site was purchased by the Philadelphia Parking Authority and in 1998 was proposed for a new Ritz multiplex, a Neil Stein restaurant facing Rittenhouse Square and a 600-car parking garage. In the last decade, Irish developers put forth plans for a 43-story condominium tower. As the only vacant parcel facing Rittenhouse Square, this is an obvious location for residential development and/or a high quality retailer who extends the retail fabric west along Walnut Street.



1921 Market Street (33,500 square feet)

Current use: grassy field
Assessed value: \$85 per square foot
Assessed value of nearby office development: \$530 per square foot
Transit access: 19th Street subway-surface line
Development potential: Originally purchased for a twin to the Blue Cross Tower, this site was last proposed for apartments with ground floor retail. In a stronger market this is an obvious place for a commercial office building. Has no one thought to make this a softball field or a landscaped garden as an interim use?

* Development on each of these sites would qualify for the 10-year tax abatement. But as a surrogate for the wage, sales and business taxes that would be generated by new residents and firms occupying buildings that could rise on these sites, we offer for contrast the assessed value for real estate tax purposes of the land and improvements on adjacent sites. It is important to add that these underdeveloped sites carry very low assessed values, which supposedly reflect low market values. But owners of several of these sites have turned down purchase offers far in excess of the market value that has been attributed to them by the Board of Revision of Taxes.



16th and Chestnut Street (9,000 square feet)

Current use: two-story retail
Assessed value: \$114 per square foot
Assessed value of nearby mixed use tower: \$595 per square foot
Pedestrian count: 2,450 per hour
Development potential: The ground floor is available for rent. With luxury condominiums across the street and major office tenants within minutes walk, the parcel could support retail uses with more animated store fronts that contribute to the enhancement of both Chestnut and 16th Streets. In a stronger market, this site could support far higher density development.



1301 Market Street (34,200 square feet)

Current use: surface parking lot
Assessed value: \$32 per square foot
Assessed value of adjacent hotel: \$527 per square foot
Pedestrian count: 2,307 per hour
Transit access: 13th Street subway and subway-surface; regional rail within one block
Development potential: Strategically positioned, this parcel appears to be hiding in plain sight and never draws the attention devoted to its cousins to the east. Surrounded by hotels and Macy's department store, a block from City Hall, the site makes the most sense for hospitality related use, but the lower floors could accommodate the type of high-end retail that convention and trade show patrons seek.



800 Market Street (101,500 square feet)

Current use: surface parking lot
Assessed value: \$40 per square foot
Assessed value of half-occupied building across the street: \$207 per square foot
Transit access: 8th Street subway and PATCO Lindenwold high-speed line
Development potential: Former site of Gimbels Department Store, the parcel has sat undeveloped for more than 30 years. In the 1990s, it was proposed for destination retail and multiplex theaters, but competed with a similar project advancing on Penn's Landing. In the end, neither was built. The site remains a prime location for big box and destination retail; the challenge remains finding viable upper floor uses, though this could be the locale for the major hotel needed to accommodate the Convention Center expansion.



1441 Chestnut Street (25,000 square feet)

Current use: surface parking lot
Assessed value: \$72 per square foot
Assessed value of adjacent residential tower: \$637 per square foot
Pedestrian count: 2,187 per hour
Transit access: Regional rail, subway and subway-surface within one block
Development potential: The parcel was most recently proposed for a 58-story luxury condominium and hotel with ground floor retail. With quality ground floor retail, a high-density development could have a transformational effect on Chestnut Street, forging links to the Avenue of the Arts.

What Will it Take?

Nationally, demand is rising for development sites in mixed-use, walkable places like Center City. Attributes like narrow, intimate-scale streets that made us obsolete when the auto was king are now re-infused with value and branded *sustainable*. For firms that connect to the global economy digitally from anywhere, the quality of *this place* truly matters. But despite our advantages, we tax most what moves most — people and firms — as if the economy were still anchored in the fixed assets of the industrial age. The result: weak demand depresses rents below what's needed to finance development. When the numbers don't work and subsidies are scarce, sites stay empty.

The Nutter Administration is reducing barriers-to-entry through regulatory and zoning reform. But with the economy rebounding, now is the time to commit to the restart of tax reduction in July 2011. If we can't send this message to investors, regional growth will surely bypass most of the city, save for its tax-free zones. To level the playing field, the Mayor and Council must confront the legacy costs of municipal pensions and benefits. Ultimately, the tax burden should shift from what's mobile to what doesn't move - land and buildings. A good place to start may be with a look at the low assessments and extended parking use-permits that allow strategic sites to languish.

Paul R. Levy
President

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Center City District Launches Plant!Philadelphia Fundraising Program



CCD President & CEO, Paul Levy, Commissioner of Parks & Recreation Michael DiBerardinis, Pennsylvania Horticultural President Jane Pepper and incoming President Drew Becher, and REIT representative David Campoli joined PNC President Bill Mills to toss the first shovel of dirt onto the new tree. Other early contributors include Urban Engineers, CB Richard Ellis, REIT, Pearl Properties and The Lighting Practice.

Last month, the Center City District launched Plant!Philadelphia, an initiative that gives both individuals and businesses the opportunity to help expand Center City's green canopy of healthy street trees and other landscaping, contributing to the citywide goal of planting 300,000 trees by 2015. Tax-deductible donations can easily be made on the Web, at www.PlantPhiladelphia.org.

Though any donation is appreciated, there are five suggested levels:

- **Heartwood \$50**
Provides general maintenance of street tree program.
- **Ladybug \$100**
Provides pruning and pest management for street trees.
- **Tender \$150**
Waters one tree for one year.
- **Sapling \$2,000**
Covers installation for replacement tree in empty tree pit.
- **Crown \$4,000**
Plants one new tree in new location.

Making the first contribution of a new Honey Locust tree was PNC Bank, at a press conference last month on 16th Street outside their headquarter building.

There are currently 2,600 street trees within the CCD's boundaries, providing shade and relief from summer heat and controlling storm water runoff. For more than a decade, the CCD has maintained the 800 trees it has planted from Vine Street to South Street, river to river, replacing about 8% annually. Funds from the Plant!Philadelphia program will help the CCD add even more new trees and replace damaged ones, while sustaining a routine schedule of pruning, watering, pest management and fertilization.

Center City Farmers' Markets 2010

Summer is the perfect time to enjoy fresh-from-the-farm ingredients for your meals. And there's no better place to sample and buy healthy food than at the ever-growing number of farmers' markets in and around Center City. Use this list as a reference for your summer food shopping.

For more information on sites beyond Center city visit www.thefoodtrust.org or www.farmtocity.org.

Seven Days a Week

The Reading Terminal Market

Hours: Monday through Saturday:
8:00 am to 6:00 pm

Note: Some of the Market's restaurants close after 5:00 pm.

Sunday : 9:00 am to 5:00 pm

Note: not all merchants are open Sundays

Location: 12th & Filbert streets

Tuesdays

Rittenhouse Farmers' Market (FTC)

Hours: 10 am to 1 pm

Location: Walnut Street (south sidewalk), west of 18th Street

South & Passyunk Farmers' Market (FTC)

Hours: 2:30 pm to 7 pm

Location: On Passyunk Ave, off South Street just east of 5th Street

Wednesdays

City Hall Farmers' Market at Love Park (FTC)

Hours: 11 am to 3 pm

New Location: In Love Park, 15th & JFK

Fountain Farmers' Market (FTC)

Hours: 3 pm to 7 pm

Location: East Passyunk Ave, at 11th and Tasker streets

Broad & South (FT)

Hours: 2 pm to 7 pm

Location: Broad and South streets

Schuylkill River Park (FT)

Hours: 3 pm to 7 pm

Location: 25th and Spruce streets

Thursdays

Suburban Station Farmers' Market (FTC)

Year-round

Hours: 2:30 pm to 6:30 pm

Location: 16th Street Concourse between Market and JFK near the 16th Street elevator

Jefferson Farmers' Market (FTC)

Hours: 11 am to 3:30 pm

Location: Chestnut Street, east of 10th Street

Fairmount (FT)

Hours: 3 pm to 7 pm

Location: 22nd Street and Fairmount Avenue

Saturdays

Rittenhouse Farmers' Market (FTC)

Year-round

Hours: 10 am to 2 pm, until April 24.

Location: Walnut Street (south sidewalk), west of 18th Street

Fittler Square (FT)

Year-round

Hours: 9 am to 1 pm

Location: 23rd and Pine streets

Headhouse Square (FT)

Hours: 10 am to 2 pm

Location: 2nd and Lombard streets

Sundays

Farmers' Market at Reading Terminal (FTC)

Hours: 9 am to 1 pm

Location: On 12th Street (west sidewalk), across from the Reading Terminal Market.

Headhouse Square (FT)

Hours: 10 am to 2 pm

Location: 2nd and Lombard streets

Legend:

(FTC) Produced by Farm-To-City

(FT) Produced by The Food Trust

Designer Banners

Fashion design students at The Art Institute of Philadelphia have put a new twist on recycling CCD street banners. Working with KellyAnn Farrelly, the CCD's Manager of Banners & Art-in-Transit Program, and instructor Karen Karuza, students in "Special Topics in Advertising Design" took on the *Project-Runway*-style three week challenge to design innovative garments from polypoplin banners that once promoted the Walnut Street Theatre's production of *Oliver!*

Armed with a stack of banners and their own creative design skills, the students "upcycled" the colorful fabric into unique and glamorous, yet wearable, looks. Student designer Keonia Lucas said her gown was designed for both form and function. "I imagined Cinderella skipping out of the ball, kicking up her heels and dancing in the street to the sounds of the neighborhood block party band." Student Dawn Liggett looked to the architecture of the city, both historic and modern.

"The shape of the skirt was inspired by the Liberty Bell," she said.

Gowns designed by the class will be on display at Liberty Place the week of June 10th, along with accessories created from the banners. The public will have an opportunity to vote on their favorite accessory, which the Center City District plans to manufacture for sale at local boutiques. "It's often a fun project for students to partner with area organizations," said Karuza. "They can really see the results of their creativity in the community, and it is a great learning experience for them to work with real-life clients and with the constraints of fabric, time and budget that you get in the real world. This has been a very exciting project for them and the results have been outstanding."

For additional information on CCD's recycled banner products, please contact KellyAnn Farrelly at 215-440-5527 or kfarrelly@centercityphila.org.



Designer: Art Institute Fashion student Dawn Liggett
Model: Art Institute Fashion student Meaghan Cook
Photographer: Art Institute alumna Chelsea Wertz



Designer: Art Institute Fashion student Keonia Lucas
Photographer : Art Institute alumna Chelsea Wertz

CSR Moses Pierce



If ever a person was born to be a Community Service Representative (CSR), it would be Moses Pierce. After graduating from Penn State University, Moses worked in several hospitality-oriented jobs and joined the Center City District as a CSR as part of the very first team deployed in the spring of 1991. After 19 years of service, Moses continues his job with the same enthusiasm and outgoing attitude as on day one. When visitors from other cities and countries visit the CCD to learn about our operations, it is often Moses who gives them a tour of downtown. "Often when I'm at conferences," notes Paul R. Levy, CCD President, "someone from Milwaukee, Dublin or Sydney will often ask after Moses, recalling a tour he gave them 5, 10 even 15 years ago."

"Center City is like my home" said Moses. "I like to greet visitors and make them feel welcome and comfortable, just as you would a visitor to your own house." Just last month, the CCD received the following unsolicited email from Canadian visitors:

My husband and I were in Philadelphia for a long weekend this past weekend. We live in the Toronto area. We were walking around, enjoying the sights and needed some directions. We were on Broad Street outside the Hyatt at the Bellevue. We were greeted by an Ambassador (I'm pretty sure that's what they're called). In any case, he was in a uniform and was incredibly helpful. We chatted with him about the city and he had lots of excellent suggestions for things to do. His name is Moses Pierce. We wanted to bring it to someone's attention what an asset this man is to your great city. His enthusiasm for the city and his job was so refreshing.

Many thanks,

Allison

When asked where his endless stream of energy and enthusiasm for his job comes from, he replied, "I'm like a ball player who gets paid millions of dollars to play a game I would be playing anyway."

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2010 SUMMER PROGRAMS

Don't miss out on two of CCD's great summer programs – our Lunchtime Concert Series presented by TD Bank, and our Center City District SIPS happy hour promotion. Both kick-off on Wednesday, June 2nd and run thru Wednesday, August 26th, 2010.

Center City District SIPS

Wednesdays 5:00–7:00 pm . Enjoy \$4 cocktails, \$3 wine , \$2 beers and half-priced appetizers at participating bars and restaurants throughout Center City. Visit www.centercityphila.org/sips for a list of participants. Sponsored by Leblon.

Center City District Lunchtime Concert Series presented by TD Bank

Wednesdays, noon–1:30 pm, locations throughout Center City. Visit [www.centercityphila.org/life/Lunchtime Concerts.php](http://www.centercityphila.org/life/LunchtimeConcerts.php) for a list of locations and performers. Concerts are free. Locations and performers subject to change.



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.