

CENTER CITY DIGEST

No Growth, No Equity

It's early in Philadelphia's mayor's race. But already there's a recurring theme: the *tale of two cities* with familiar suggestions for priorities to shift to neighborhoods. With 88% of city residents dwelling outside the most generous definition of downtown (Girard to Tasker, river to river), the logic seems unassailable. But consider first a distinction between *residential* Center City and *business* Center City.

Residential Center City is rising upward and outward, attracting more than 20,000 new residents since 2000. The population between Girard Avenue and Tasker Street is now 180,000. New high-rises downtown and adjacent in-fill are steadily adding to that number.

Thirty percent of these residents are ages 25 to 34, almost twice the citywide average; 23% are 35-54; college students, families with children and returning empty-nesters round out the mix. Residents are highly-educated: 75.4% between Vine and Pine Streets have at least college degrees; 43.2% graduate or professional degrees. In bordering neighborhoods, up to Girard, down to Tasker Street, 45.3% have at least a BA; 21.6% hold graduate or professional degrees. These demographics attract both employers and retailers.

By contrast, 57.4% of adults over 35 and 38.8% of those 25-34 throughout the balance of the city hold no more than high-school diplomas. Only 23% have college degrees. Add another salient fact: at the depths of recession, unemployment nationally for high school graduates was three times higher (15.5%) than for those with at least BAs (5%). This defines Philadelphia's great divergence. Successful places coexist



Public transit makes downtown jobs accessible to residents of every city neighborhood. Photos by: Ed Savaria, Peter Tobia and J. B. Abbott.

with unacceptable unemployment and poverty rates, much higher than most Northeast peers.

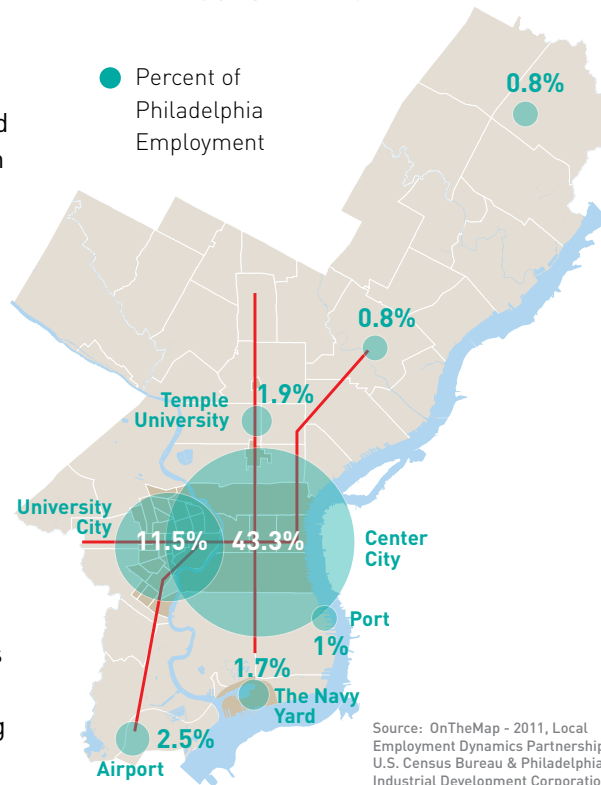
Education and job training thus belong on top of the agenda; but so too does robust job growth. Philadelphia still has 2% fewer jobs than in 2001; 28% fewer than in 1970. By contrast, New York, Boston and Washington have 19.3%, 20.7% and 24.1%, respectively, *more jobs* than in 1970. All rebounded better from the great recession, surpassing their 2001 job levels. More than 80% of Philadelphia's operating budget comes from local taxes and fees, so it's hard to fund quality services, let alone achieve equity or redistribution, in the absence of growth.

WHERE THE JOBS ARE

This brings us to *business* Center City, a place that's just 6% of Philadelphia's land area, but holds 43.3% of its jobs. University City adds another 11.5%, concentrating 55% of all city jobs between Front and 50th Streets. While Temple University's two campuses plus the Navy Yard add another 3.6% to citywide totals, *business* Center

City is the region's primary place for opportunity and a major fiscal pillar for a municipal government that derives 52% of tax revenue from wage taxes.

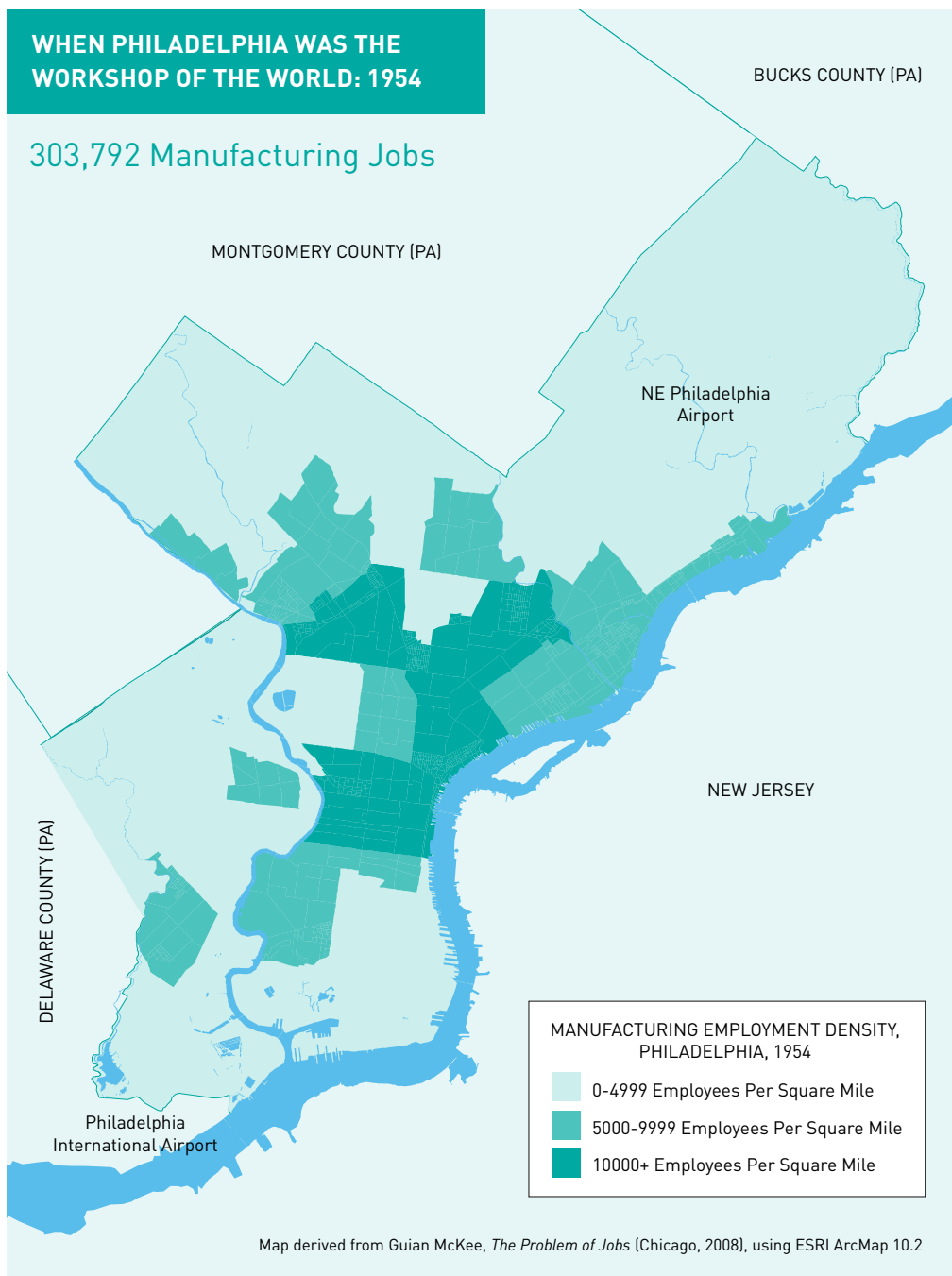
WHERE THE JOBS ARE: 2014



The density of employment in the CBD, concentrated at the center of transit, reaches 203 jobs per acre, compared to a citywide density of 4.7 jobs per acre.

WHEN PHILADELPHIA WAS THE WORKSHOP OF THE WORLD: 1954

303,792 Manufacturing Jobs



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.

This is not trickle-down economics. Downtown is transit accessible. Four times as many Center City jobs (42%) are held by Philadelphia residents from non-Center City neighborhoods than are held by residents dwelling between Girard and Tasker Streets (10%). Diversity is a hallmark of downtown employment: while 40% of Center City jobs require a BA or more, 30% require just an associate's degree; another 30% are available to workers with just high school diplomas. On average, 27% of working residents in every city neighborhood earn their living downtown.

While it's widely understood that hotels and retail offer thousands of entry- and mid-level positions, so do office buildings, hospitals and colleges. A 500,000-square-foot office tower, like those across from Dilworth Park, houses 3,333 jobs, including high-skilled, high-wage positions, technical, support and clerical positions, as well as five building engineers, 12 security personnel and 18 janitorial jobs. Every time tenants turn over, construction trades renovate space. The same building fills 11,000 hotel room nights with business travelers, generates

\$2.8 million in annual retail sales and puts 2,333 daily riders on SEPTA. With 41 million square feet of offices downtown, the cumulative impact is compelling.

Center City's 16 college, universities and hospitals employ doctors, researchers, faculty, administrators, skilled technicians, finance and billing personnel, nurses, orderlies, maintenance and security staff; surrounding campuses require landscape, electrical and mechanical work.

A snapshot of transit commuters arriving in *business* Center City is a portrait of diversity and inclusion. But neither *business* Center City nor University City is large enough or growing fast enough to off-set the long-term contraction of the old economy that once made Philadelphia the workshop of the world. Since 1954, Philadelphia has lost 92% of its manufacturing jobs. As a result, 38% of those living outside downtown commute to suburban jobs, twice reverse commuting rates in New York City.

PHILADELPHIA NEEDS GROWTH

Philadelphia must retain and expand remaining manufacturing, warehouse and distribution firms, support small business development, enhance commercial corridors, encourage start-ups, new innovation districts and capitalize on emerging extraction and refining industries. All are fertile ground for future growth. But outside a handful of clusters depicted on page 1, few nodes reach critical mass with jobs. None comes close to what can be achieved near-term by supporting larger employment nodes, encouraging their innovation and "export" industries and by locating affordable housing along major transit lines.

What are lessons for candidates, elected citywide by residents, when they can only deliver on campaign promises if job nodes grow faster?

PLACE MANAGEMENT

All our thriving employment centers are *managed* places. PIDC and Liberty Property Trust at the Navy Yard, Center City District, University City District,

colleges and health care campuses all supplement constrained municipal services with cleaning, safety and public space enhancements. Several focus on schools, on incubating new businesses and investments in transportation infrastructure. All have long-term plans to diversify land-use with retail, residential and quality public spaces, fashioning animated, live-work settings that align with business and residential preferences of the 21st century. All have professional leadership coordinating services, partnering with, but independent from government. Their mission is to ask each day: "How can I make this place better?" Smaller-scale efforts focus on Germantown Avenue in Mt. Airy, on Passyunk Avenue in South Philadelphia and elsewhere. Place management is a template to be replicated, but it takes creativity to fund supplemental services where markets are still weak.

TAX COMPETITIVENESS

Jobs and people are highly mobile, so place management must be matched by place competitiveness. Two tax commissions, 2003 and 2009, portrayed Philadelphia's failure to grow jobs in part as self-inflicted. The 2009 *Task Force on Jobs and Economic Competitiveness* put it this way: "The fundamental problem is that Philadelphia has a tax structure that was appropriate to an industrial economy when people and firms were tied to the fixed assets of railroads, factories, and ports. By continuing to derive the lion's share of locally generated revenues by taxing people and jobs that are now highly mobile, we continue to undermine our future."

Sixty-six percent of local tax revenue is derived by assessing highly mobile wages and business receipts. By contrast, comparable taxes in New York City comprise only 34% of the mix, while in Washington, D.C. it's 35%. Correspondingly, while Philadelphia derives only 17% of municipal tax revenues from real estate, New York City gets 41% and Washington, D.C. 36%. So it's not that Philadelphia taxes too much, it taxes the wrong things. Dependency on wage and business taxes pushes tenants

and start-ups to lower-cost suburbs or other cities, limits employment opportunities and constrains growth for minority and disadvantaged firms. In 2009, Wharton's Robert Inman calculated business taxes alone make Philadelphia 19% more expensive than surrounding suburbs.

It's tempting to pursue the next new thing. Newspapers, journals and consultants proffer panaceas for urban ills. Some have merit. But it's an axiom of economic development that successful places provide a level playing field with rules of the game that are uniform, transparent, and easily understood by those starting, expanding, or relocating firms.

Philadelphia's Business Income and Receipts Tax is the opposite; it impacts different businesses differently. Chapter 19-2600 of the City's Code carves out two dozen exceptions. Charities, non-profits, and businesses regulated by the Public Utility Commission are joined by insurance companies, some financial services, recent exemptions for investment and information technology firms and small businesses. There are older exceptions for bookbinders, yarn and fabric dyers, and cargo handled at the port. No doubt, some have merit. But accountants and tax attorneys shouldn't be necessary to find and navigate the narrow passages to growth.

Both tax commissions urged government not to pick winners and losers, but rather expand the playing field for all with a 10-year strategy to shift the burden from wage and business taxes to broad-based real estate taxes on assets not readily moved: land and improvements.* To achieve this will require business leadership.

Polls show Philadelphians overwhelmingly want job growth. They know quality education is the primary passport. But the *structure of opportunity*, the avenues for expansion in the city are constrained by an obsolete tax regime that works behind the scenes, influencing daily business and employee location decisions, pushing growth outside our boundaries.

So by all means, challenge disparities, demand quality education and services for neighborhoods. But only by embracing *competitiveness* can Philadelphia grow the jobs that make fulfilling such promises possible.

Paul R. Levy
President
plevy@centercityphila.org

**Based on all approved exemptions to the BIRT, there will shortly be half as many businesses paying BIRT as there are commercial real estate tax payers. By relying more on the real estate tax on business properties, Philadelphia can achieve a broader and more equitable tax base.*



HowIsDowntownDoing.com

Center City District has worked to make Center City Philadelphia clean, safe and attractive for more than two decades. But we can always do more and do some things better. To help us plan for new initiatives or to improve what we already do, please take a moment to complete a brief survey online at HowIsDowntownDoing.com and give us your opinion and recommendations.

You will automatically be entered for a possibility to win **\$250 in restaurant gift certificates.** Five lucky winners will be chosen at random.

Survey closes midnight December 19, 2014.

 CENTER CITY DISTRICT

DILWORTH PARK IS NOW COMPLETE

The first phase of Dilworth Park, 60% of the surface area, opened with three days of celebration from September 4 to 6. On October 24, the 6,900-square-foot Albert M. Greenfield Lawn was dedicated, providing residents, workers, visitors, and students a relaxing green

space immediately adjacent to City Hall. On November 12, SEPTA and the CCD joined with Disability Rights Network of PA and Disabled In Action, Inc. to dedicate two new plaza-level elevators making the concourse, the trolleys and Market-Frankford Lines accessible. On November

14, the Rothman Institute Ice Rink opened for the first time to hundreds of eager skaters. On November 24, the remaining construction fences came down, the concourse connections to South Broad Street opened, and the new Dilworth Park was complete.



Cutting the Ribbon at Dilworth Park

Joining Mayor Michael A. Nutter in cutting the ribbon for Dilworth Park was Congresswoman Allyson Y. Schwartz; Congressman Chaka Fattah; Matthew Welbes, Executive Director, Federal Transit Administration; Pennsylvania Lieutenant Governor Jim Cawley; SEPTA General Manager Joseph M. Casey; City Council President Darrell L. Clarke and other members of City Council; Donna Frisby-Greenwood, Knight Foundation; Dr. Janet Haas, Vice Chair of the Board of Directors, William Penn Foundation; Paula Fryland, Regional President Philadelphia and Southern New Jersey, PNC; LeAnn Talbot, Senior Vice President, Comcast Freedom Region; and Paul R. Levy, President and CEO of the Center City District.



Digital Screens

Digital screens on both sides of the south elevator offer information about Dilworth Park and art and cultural events in Center City.



Greenfield Lawn

Helping to dedicate the Albert M. Greenfield Lawn and its historical marker were (from right): Albert M. Greenfield III, grandson of Albert M. Greenfield, for whom the lawn is named; CCD President Paul R. Levy; former Governor Edward G. Rendell; Alan Greenberger, Deputy Mayor for Economic Development and Director of Commerce; and Edward M. D’Alba, President of the Central Philadelphia Development Corporation.

Peter Tobia

New Elevators

SEPTA Deputy General Manager Jeffrey Knueppel (at podium) is joined by Rocco J. Iacullo of Disability Rights Network of PA (immediate left of podium), SEPTA Director of Media Relations Jerria L. Williams and representatives from Disabled In Action, Inc. at the dedication of new elevators at Dilworth Park.



Rothman Institute Ice Rink

The Rothman Institute Ice Rink opened at noon on Friday, November 14. Skaters from all over the city were admitted for free from noon until 3:00 p.m.

The Rothman Institute’s generous support of the ice rink has helped make admission to the rink affordable, at \$3 for children 10 and under; \$4 for adults; and \$8 for skate rental. For hours and more information, please visit ccdparcs.org/dilworth-park/rothmanicerink.

Peter Tobia



DILWORTH PARK AT CITY HALL

Year-End Giving Opportunities

NORTHWEST AND SOUTHWEST PARK ENTRANCES

\$5,000 TOTAL PER ENTRANCE FOR 7 PLANTERS AT EACH ENTRY



Dilworth Park is complete. The ice rink and café are thriving with holiday business. But before the year ends, individuals and businesses can make tax-deductible contributions to add even more color next spring to this sustainable new green space in the heart of Philadelphia. The CCD has identified 20 locations for additional planters to provide a seasonal, changing rotation of flowering plants and evergreens to accent the site beginning in early 2015.

WEST PORTAL, \$1,000 FOR EACH LARGE PLANTER = \$2,000 TOTAL



TRANSIT ENTRANCES, \$750 FOR EACH MEDIUM PLANTER = \$3,000 TOTAL



If you would like to make a tax-deductible contribution to the Center City District Foundation, please check the appropriate box:

- \$700** Each Small Planter (14 available)
- \$9,800** All 14 Small Planters
- \$750** Each Medium Planter (4 Available)
- \$3,000** All 4 Medium Planters
- \$2,000** Each Large Planter (2 available)
- \$4,000** Both Large Planters
- _____ General support for landscape maintenance

Send your check to:
Center City District Foundation
660 Chestnut Street
Philadelphia, PA 19106

THE CENTER CITY DISTRICT FOUNDATION GREATLY APPRECIATES YOUR SUPPORT FOR DILWORTH PARK AT CITY HALL.

Help Plan for the Future of Bike Share

The City of Philadelphia is seeking to locate 100 potential bike share locations from which it will choose 60.

Bike share is coming to Philadelphia in spring 2015, as a form of public transportation using a network of bicycles with dedicated docking stations to allow users to check out a bike from



a station, take a quick trip, and return the bike to any station in the network. In the United States alone, more than 20 million bike-share trips have been taken in over 30 cities.

There is still time to suggest downtown locations. Find more information about bike share, and see the initial bike share site recommendations at www.phila.gov/bikeshare.

If you would like to get more information on how bike share might benefit your employees or tenants, please contact bike share program managers Aaron Ritz at 215.686.9000 or 515.451.9727 or Aaron.ritz@phila.gov; or Cara Ferrentino at 215.686.9001 or Cara.ferrentino@phila.gov.

Bike Commuting on the Rise



During the past two years, the number of bicyclists traveling northbound into Center City increased 33.4%, based on a new survey conducted by the Center City District. To read the 2014 edition of *Center City Reports: Bicycles*, please go to centercityphila.org/docs/CCR14_bicycles.pdf.

CSR Tamika Johnson: Friendly, kind, patient

In 2011, when Tamika Johnson was working at Ross, the discount department store on Market Street, she overheard a Center City District (CCD) Community Service Representative (CSR) giving directions to a person near the store. Johnson was so impressed with how nice the CSR had been to the person that soon she was applying for a job at the CCD. In March of that year, she began work as a CSR.

In October, Johnson similarly impressed a visitor from Robbinsville, New Jersey. Kate Richards came to Center City on a Saturday to have dinner and stay over with friends. Unfamiliar with the city, Richards on Sunday was having trouble finding the garage where she had parked her car.

"I found the sweetest person, Tamika, in uniform and asked for assistance. She was friendly and kind. She very patiently took the time to assist me in tracking my steps the night before, asking me every

question imaginable in order to help me find my vehicle," Richards later wrote in a letter to the CCD.

In addition to her work as an ambassador, Johnson is part of the Center City District Outreach Team, whose mission is to encourage the homeless to take advantage of services that can help them come off the street. The team works in tandem with Project Home and has succeeded in helping some people transition away from life on the streets.

"I enjoy the opportunity to help and encourage people," Johnson said.

Johnson enjoys all aspects of her work as a CSR, from surveying and recording where new businesses and service establishments have opened, to meeting people from around the world. Her detailed knowledge of Center City enabled her to help Kate Richards and



Community Service Representative Tamika Johnson helps inspire visitors' confidence in Center City.

others who may have forgotten where they parked their cars. The positive impact of helping has long-term benefits. As Kate Richards wrote: "It makes me want to visit again, and gives me the confidence to know that I will be safe in your city, which so many people love."

CENTER CITY DIGEST

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Philadelphia, PA 19106
www.CenterCityPhila.org

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RESTAURANT WEEK

JANUARY
18-23 & 25-30



\$35 DINNER **\$20 LUNCH***

#CCDRW **CENTERCITYPHILA.ORG**



3 Courses



Produced by Center City District & Sponsored by:



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PHILADELPHIA STYLE
philly.com/food

* Tax, alcohol and gratuity not included. Lunch or dinner only. For reservations, call restaurants directly or book online at CenterCityPhila.org. DISCOUNTED PARKING at participating Philadelphia Parking Association and Philadelphia Parking Authority facilities from 5:00 PM - 1:00 AM with a voucher from participating restaurants.

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.