

CENTER CITY DEVELOPMENTS

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The Success of Downtown Living: Expanding the Boundaries of Center City



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Center City Philadelphia has capitalized upon three decades' momentum to become one of the premier residential communities in the region. Drawn by the ability to walk to work, by a wide variety of historic and contemporary housing options, and by the attraction of arts, entertainment and restaurants, young professionals, hotel and restaurant workers, graduate students, families and "empty nesters" have made Center City a residence of choice in the region.

Even as the City of Philadelphia was losing 24% of its population between 1960 and 2000, Center City's population between Vine and South Street, river to river grew by 55%. Since 1970, this core area has added an average of 200 new households each year. Since 1997, when the City first approved a ten-year tax abatement for converting vacant and deteriorated industrial properties to residential use, Center City has added more than 2,700 apartments to the market, while sustaining a 98% occupancy rate among all rental units. These conversions have provided new homes for more than 4,000 residents, and have animated buildings and blocks that used to shut down after 5 p.m.

New tenants are clearly willing to pay a premium to live in the center of everything. The average rent of \$1,230 per month for a one-bedroom apartment in

Center City in 2001 was almost twice the average monthly rent of \$650 for the rest of the City, and 50% more than the average rent of \$825 per month in the surrounding suburbs¹.

In the last decade, Center City also experienced an increase in homeownership and rising home values. For example, while the number of renter-occupied units increased 3% from 1990 to 2000 in the Rittenhouse/Fitler Square neighborhood, the number of owner-occupied units in this neighborhood increased by 16%. Throughout all areas of Center City, the sales price of homes increased dramatically, appreciating on average 16% per year in the second half of the 1990s. Between 1995 and 2000, three Center City zip codes saw sales prices increase between 56% and 61%; four zip codes experienced increases of 85%-93%; and in one zip code, 19146, Southwest Center City, sales prices increased by 120%.

The ten-year tax abatement for new construction, approved in 2000, has already led to the construction of new infill townhouses in Society Hill, Queen Village, Bella Vista, Fitter Square, Chinatown, Fairmount and Northern Liberties, as well as two new residential towers, one on the Delaware River waterfront and one at Washington Square.

In the last decade, while Philadelphia was still losing 4% of its population, Center City was growing by 5%, expanding far beyond the boundaries envisioned in the 1963 Plan for Center City. A new ring of adjacent neighborhoods is now marketed as "Center City," attracting the types of households drawn to the concentration of amenities that are animating downtowns across the country.

A study of downtown population trends in 44 diverse American cities, conducted in 2001 by Professor Eugenie Birch, chair of the Department of City and Regional Planning at the University of Pennsylvania, determined that 75% of these cities experienced downtown residential growth between 1990 and 2000². Other cities may have experienced a faster rate of growth, but Philadelphia, with 78,902 Center City residents, has the third largest residential downtown in the United States, behind only New York and Chicago.

¹ The Reinvestment Fund and the Metropolitan Philadelphia Policy Center, Choices: A Report on the State of the Region's Housing Market, December 2001.

² Birch, Having a Longer View of Downtown Living, Journal of American Planning Association, Winter 2002.

WHO IS LIVING DOWNTOWN

Households. The 2000 Census revealed a profound nationwide shift in household types. The "traditional" family, the married couple with children, now represents less than a quarter (23.5%) of American households. The largest household type is now married couples with no children (28.1% of all households), with "empty nesters" the fastest growing segment of this group. Close behind at 25.8% is the single-person household. The "traditional" household is the third largest type. The fourth largest is single parents with children (9.2%). See Figure 3.

Center City has been extraordinarily successful at capturing these growing segments of the American population: single-person households grew by 9% between 1990 and 2000 and now constitute 61% of all Center City households. Married couples with no children grew by 6% during this same period and are now Center City's second largest type at 15% of all households. What the Census calls "multi-person, unrelated households," comprised of roommates, gay, lesbian and unmarried heterosexual couples, grew by 13% between 1990 and 2000 and now represent 14% of all downtown households. Married couples with children (5% of Center City households) declined by 8% between 1990 and 2000, while single parents with children, only 2% of households, declined by 33%. Still, there are 5,620 children under the age of 17 living in Center City, concentrated in the Art Museum area, the Rittenhouse/Fitler Square neighborhood, South of South Street, Queen Village and Bella Vista.

But the large concentration of single-person households is what sets Center City apart from the City, the region, and household types nationwide. Figure 1, showing the percentage of single-person households by tract in 1990 and 2000, illustrates both their increase over the decade, and their concentration downtown. Ninety percent of Center City households now contain either one or two people with an overall average of just 1.6 persons per household, as compared to 2.5 persons for the City as a whole, and 2.6 in the surrounding Pennsylvania counties (Figure 2).

Figure 2

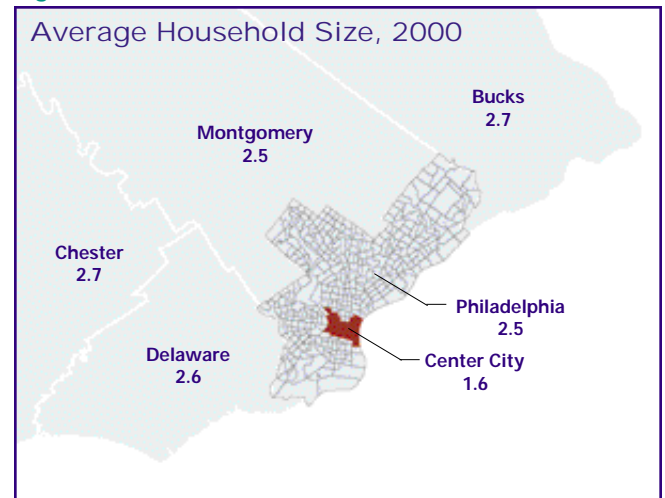
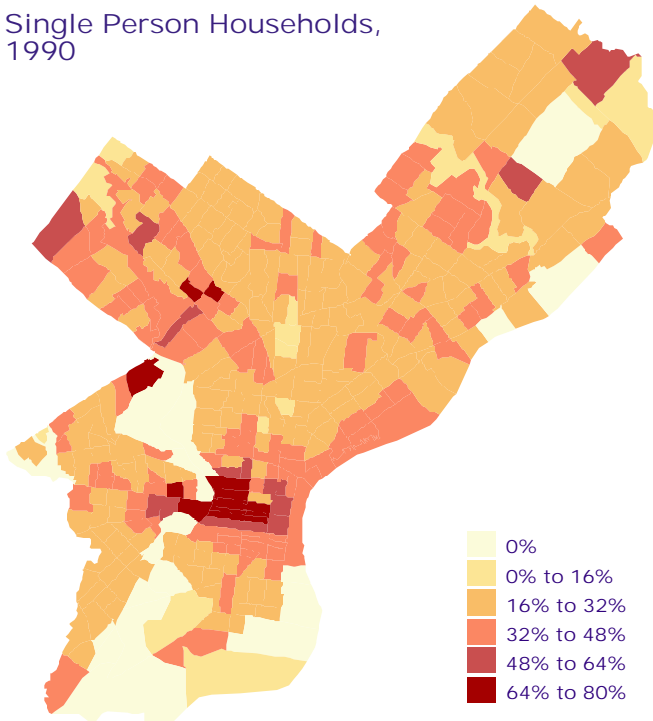


Figure 1

Single Person Households, 1990



Single Person Households, 2000

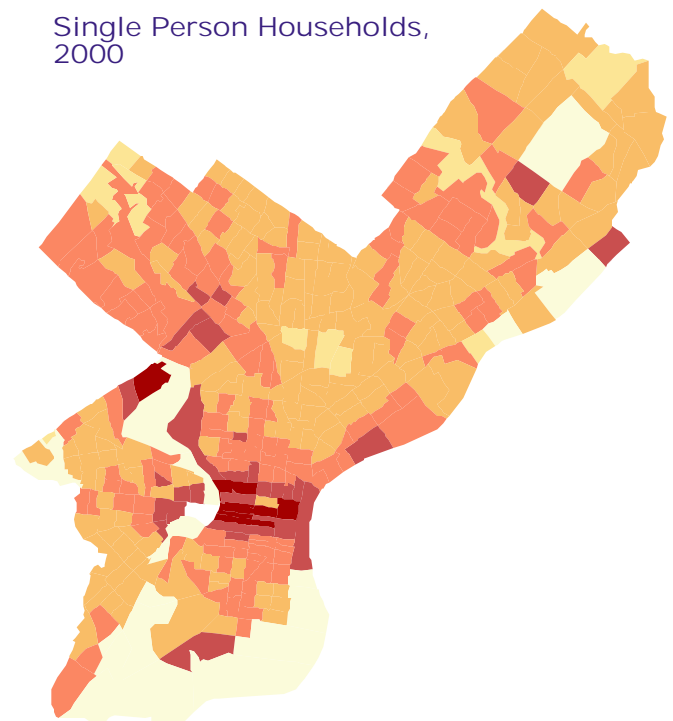


Figure 3

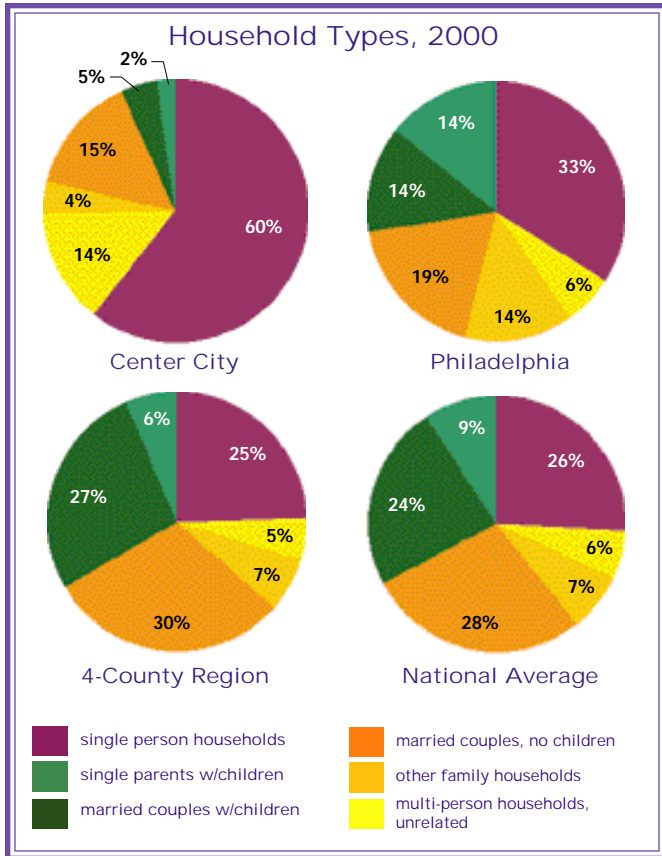
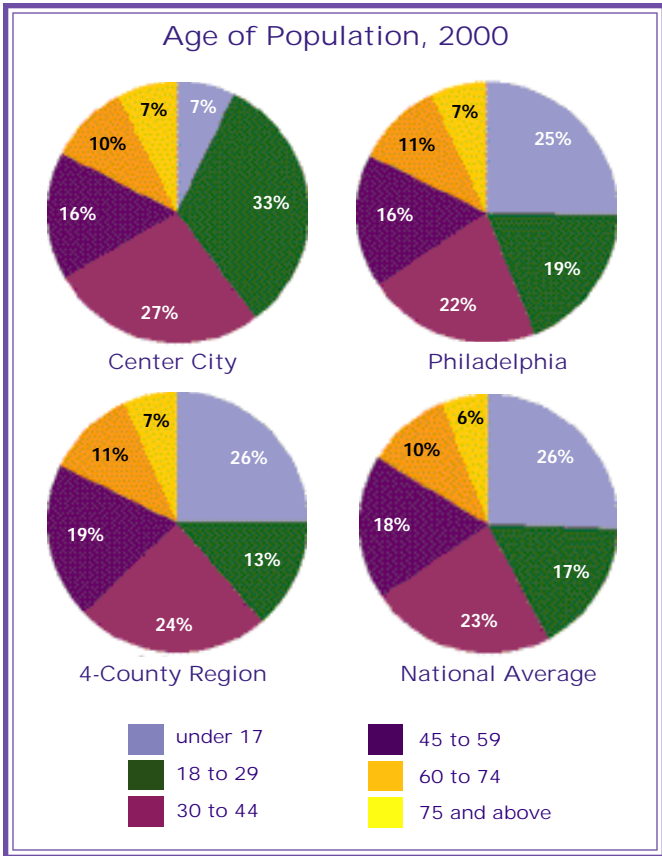


Figure 4



Age. Center City is a magnet for young professionals. One-third of Center City's population is between the ages of 18 and 29, nearly double the national average and three times the region's average. The second largest age group is 30-44. Thus, 60% of downtown's population is between 18 and 44. See Figures 4 and 5.

An article in the December 22, 2001 British journal, *The Economist*, entitled "The Bridget Jones Economy," notes the relationship between the disposable income generated by this concentration of young singles, gays, lesbians and professionals and the growth of urban amenities such as arts and entertainment, bars and restaurants, gourmet take-out establishments, gyms and health clubs. In the last decade, for example, downtown Philadelphia has experienced a 167% growth in fine dining restaurants, now numbering 238 in Center City and Old City with another 152 take-out establishments, 54 bars and night clubs, 51 coffee houses, and over 70 sidewalk cafes.

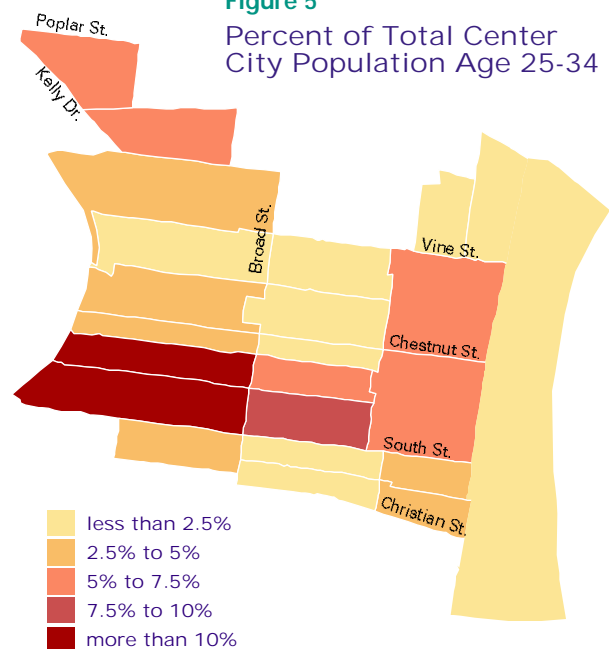
Race. There have been some significant changes in the diversity of Center City's residents in the last three decades. The core is more diverse than it was in 1970 when 89% of the population was Caucasian, 8% African American, and 3% was classified as "other". In 2000, 79% of the population was Caucasian, 8% African-American, 10% Asian and 3% was classified as bi-racial.

Looking at the entire expanded area of Center City: in 1970, 76% of residents were Caucasian, 22% were African-

American and 2% were classified as "other." In 2000, 76% were Caucasian, 13% were African American, 8% were Asian and 3% fell into other categories. In real numbers, between 1970 and 2000, the white population declined by 3% and the black population declined by 43%, while the Asian population increased by over 300%.

Figure 5

Percent of Total Center City Population Age 25-34



AN EXPANDED DEFINITION OF DOWNTOWN

Breaking the Bounds. The expanding ring where these younger, smaller, more affluent households have chosen to live, suggests the need to enlarge the definition of Philadelphia's residential downtown that dates from the urban renewal days of the 1960s.

In the 1960s, "downtown" was delineated by the Schuylkill River and by Vine Street, South Street, and Delaware Avenue where expressways were proposed at the outer edges. At a time when major public investments were beginning in Society Hill, it was hard to imagine that Center City might one day expand beyond the proposed perimeter of highways.

But during the last three decades, Center City has burst these boundaries. The growth of office buildings, hospitals and universities increased the number of higher-wage, professional jobs downtown. With the elimination of the Crosstown Expressway along South Street in 1971, reinvestment began pouring into neighborhoods below South Street and now reaches beyond Washington Avenue east of Broad, and below South Street, west of Broad. Similarly, reinvestment began in the Art Museum area in the 1970s and has been steadily expanding north towards Girard Avenue on both sides of Broad Street. In the 1980s new housing emerged east of I-95 on piers on the Delaware River. To understand this expansion, it is important to look not only at population trends, but also at household size and housing value.

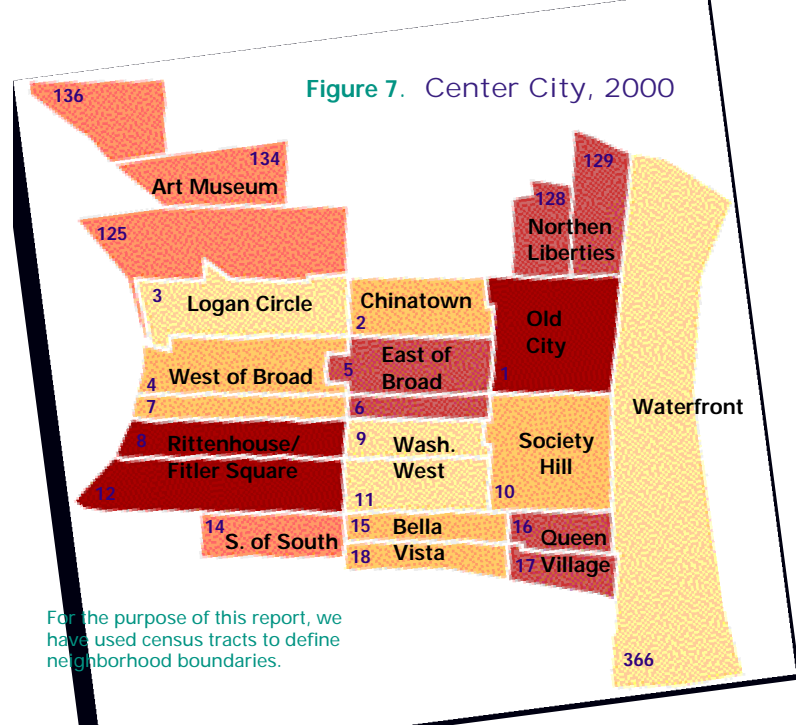
Demographic Trends 1970-2000. Between 1970 and 2000, the population of the traditional core of Center City grew by 13% from 43,465 to 49,211 persons (Table 1), but the actual number of households jumped by 24% (Table 2), as average household size contracted from 1.7 to 1.5 (Table 3) and housing values, adjusted for inflation, increased by almost 100% (Table 4).

By contrast, the neighborhoods adjacent to Center City's core, many of which had been populated by residents working in Philadelphia's waterfront and manufacturing economy, experienced an even steeper decrease in population than the rest of the city, losing 36% of their population between 1960 and 2000, and declining most dramatically between 1970 and 1980 with a 20% loss of population (Table 1). But these adjacent neighborhoods did not follow the same dismal path of decline, deterioration and abandonment as other older industrial areas in Philadelphia.

Figure 6. Center City, 1963



Figure 7. Center City, 2000



Area	Neighborhood	Year				Percent Change			
		1970	1980	1990	2000	70-80	80-90	90-00	70-00
Core	Chinatown	1,133	1,150	1,403	1,362	2%	22%	-3%	20%
	East of Broad	430	740	1,404	2,441	72%	90%	74%	468%
	Logan Circle	3,974	2,160	2,427	2,570	-46%	12%	6%	-35%
	Old City	225	656	2,073	2,650	192%	216%	28%	1078%
	Rittenhouse/Fitler	15,305	16,429	16,089	16,609	7%	-2%	3%	9%
	Society Hill	4,841	5,213	5,715	5,808	8%	10%	2%	20%
	Wash West	9,855	10,223	9,828	10,894	4%	-4%	11%	11%
	West of Broad	7,702	6,981	6,275	6,877	-9%	-10%	10%	-11%
Core		43,465	43,552	45,214	49,211	0%	4%	9%	13%
Extended Area	Art Museum	18,300	15,618	14,895	15,700	-15%	-5%	5%	-14%
	Bella Vista	8,338	6,137	5,784	4,577	-26%	-6%	-21%	-45%
	Northern Liberties	905	359	593	789	-60%	65%	33%	-13%
	Queen Village	4,503	3,986	4,436	4,396	-11%	11%	-1%	-2%
	South of South	5,053	3,469	3,763	3,585	-31%	8%	-5%	-29%
	Waterfront			400	644			61%	
Extended Area		37,099	29,569	29,871	29,691	-20%	1%	-1%	-20%
Center City		80,564	73,121	75,085	78,902	-9%	3%	5%	-2%

From 1970 to 2000, the number of households in areas adjacent to downtown actually increased by 13% (Table 2), while average household size dropped dramatically by 28% from 2.4 to 1.7 persons per household (Table 3). In the same period, housing values, adjusted for inflation, soared by 386% (Table 4). Buildings that were once home to much larger families are now occupied by smaller households. Multi-tenant row houses have been converted back to single-family homes. Rather than fall prey to blight and demolition, industrial buildings have been transformed into apartments and lofts.

Extended Center City Area. With these development trends, nearly all these adjacent communities stabilized by the early 1980s and began to rebound as they were repopulated by the influx of smaller households, most of whom worked in Center City. As early as the mid-1970s, homebuyers no longer found houses in these neighborhoods listed in the "North" or "South" Philadelphia sections of the real estate pages of the major newspapers, but rather in the "Center City" section.

Queen Village, one of Philadelphia's first private-sector-led reinvestment neighborhoods, lost 11% of its population between 1970 and 1980, then regained 10% between 1980 and 2000 (Table 1). However, the new households were significantly smaller, so that Queen Village experienced both a 42% increase in the number of households between 1970 and 2000 (Table 2) and a 30% decrease in average household size (Table 3). Most significantly, adjusted for inflation, Queen Village experienced a 543% increase in median housing values (Table 4).

The Art Museum area experienced a similar trend. Between 1970 and 2000, population declined by 14% with the biggest loss occurring between 1970 and 1980. The population stabilized in the 1980s and then rebounded by 5% from 1990 and 2000 (Table 1). Between 1970 and 2000, the number of households increased by 20% (Table 2), the average household size shrunk 27% (Table 3), from 2.3 to 1.7 persons, and housing values grew by 352% (Table 4). These trends are occurring in nearly all the communities adjacent to the core area of downtown. Put simply, smaller households with much greater disposable income are increasing the tax base of these neighborhoods, while requiring fewer municipal services than earlier residents.

Table 2: Household Growth by Decade, 1970-2000

Area	Neighborhood	Year				Percent Change			
		1970	1980	1990	2000	70-80	80-90	90-00	70-00
Core	Chinatown	418	410	397	459	-2%	-3%	16%	10%
	East of Broad	283	567	872	801	100%	54%	-8%	183%
	Logan Circle	1,662	1,264	1,365	1,239	-24%	8%	-9%	-25%
	Old City	103	373	1,368	1,748	263%	267%	28%	1601%
	Rittenhouse/Fitler	9,064	10,780	10,420	11,088	19%	-3%	6%	22%
	Society Hill	2,481	2,875	3,401	3,635	16%	18%	7%	47%
	Wash West	6,074	6,551	6,635	7,052	8%	1%	6%	16%
	West of Broad	4,835	4,921	4,570	4,889	2%	-7%	7%	1%
Core		24,921	27,741	29,028	30,911	11%	5%	6%	24%
Extended Area	Art Museum	7,436	8,054	8,264	8,887	8%	3%	8%	20%
	Bella Vista	2,759	2,398	2,649	2,343	-13%	10%	-12%	-15%
	Northern Liberties	410	194	336	474	-53%	73%	41%	16%
	Queen Village	1,757	2,008	2,308	2,487	14%	15%	8%	42%
	South of South	2,207	1,643	1,816	1,929	-26%	11%	6%	-13%
	Waterfront			217	373			72%	
Extended Area		14,568	14,297	15,590	16,493	-2%	9%	6%	13%
Center City		39,488	42,038	44,618	47,404	6%	6%	6%	20%
Philadelphia		642,145	619,781	603,075	590,071	-3%	-3%	-2%	-8%

Table 3: Average Household Size by Decade, 1970-2000

Area	Neighborhood	Year				Percent Change			
		1970	1980	1990	2000	70-80	80-90	90-00	70-00
Core	Chinatown	2.5	2.6	2.9	2.6	2%	14%	-11%	3%
	East of Broad	1.4	1.3	1.4	1.4	-5%	8%	2%	5%
	Logan Circle	1.6	1.4	1.5	1.6	-9%	6%	3%	0%
	Old City	2.2	1.6	1.4	1.4	-27%	-9%	-3%	-35%
	Rittenhouse / Fitler	1.6	1.5	1.5	1.5	-7%	-1%	0%	-8%
	Society Hill	1.9	1.8	1.7	1.6	-6%	-7%	-5%	-17%
	Wash West	1.5	1.5	1.4	1.4	-1%	-3%	-1%	-6%
	West of Broad	1.5	1.4	1.3	1.3	-6%	-5%	0%	-11%
Core		1.7	1.6	1.6	1.5	-7%	1%	-2%	-8%
Extended Area	Art Museum	2.3	1.9	1.7	1.7	-18%	-7%	-4%	-27%
	Bella Vista	3.0	2.5	2.2	1.9	-14%	-15%	-12%	-36%
	Northern Liberties	2.1	1.9	1.7	1.7	-9%	-9%	-5%	-22%
	Queen Village	2.5	2.0	1.9	1.8	-22%	-3%	-8%	-30%
	South of South	2.2	2.1	2.0	1.8	-5%	-4%	-9%	-17%
	Waterfront			1.8	1.7			-8%	
Extended Area		2.4	2.1	1.9	1.7	-15%	-9%	-7%	-28%
Center City		2.0	1.8	1.7	1.6	-11%	-4%	-5%	-19%

Table 4: Median Home Value, 1970 and 2000

Area	Neighborhood	1970	2000*	% Change 1970-2000
Core	Chinatown	\$71,616	\$146,235	104%
	East of Broad	\$231,021	\$206,352	-11%
	Logan Circle	\$106,732	\$251,887	136%
	Old City	\$78,085	\$252,713	224%
	Rittenhouse/Fitler	\$139,537	\$297,766	113%
	Society Hill	\$209,305	\$451,086	116%
	Wash West	\$111,352	\$247,279	122%
	West of Broad	\$101,187	\$211,030	109%
Core		\$127,356	\$252,231	98%
Extended Area	Art Museum	\$40,352	\$182,232	352%
	Bella Vista	\$36,501	\$122,161	235%
	Northern Liberties	\$27,837	\$119,065	328%
	Queen Village	\$34,422	\$221,347	543%
	South of South	\$30,495	\$94,234	209%
	Waterfront		\$300,036	
Extended Area		\$34,907	\$169,647	386%
Center City		\$83,332	\$212,734	155%

* Because housing values from the 2000 Census have not yet been released, we have estimated them by adjusting 1990 values by the rate of inflation. This is a conservative approach because sales prices increased much faster than the rate of inflation.

Table 5: Average Median Household Income for City and Center City, 2000

Philadelphia	\$ 35,604
Center City	\$ 44,520
Core	\$ 40,068
Extended Area	\$ 49,862

Source: Claritas

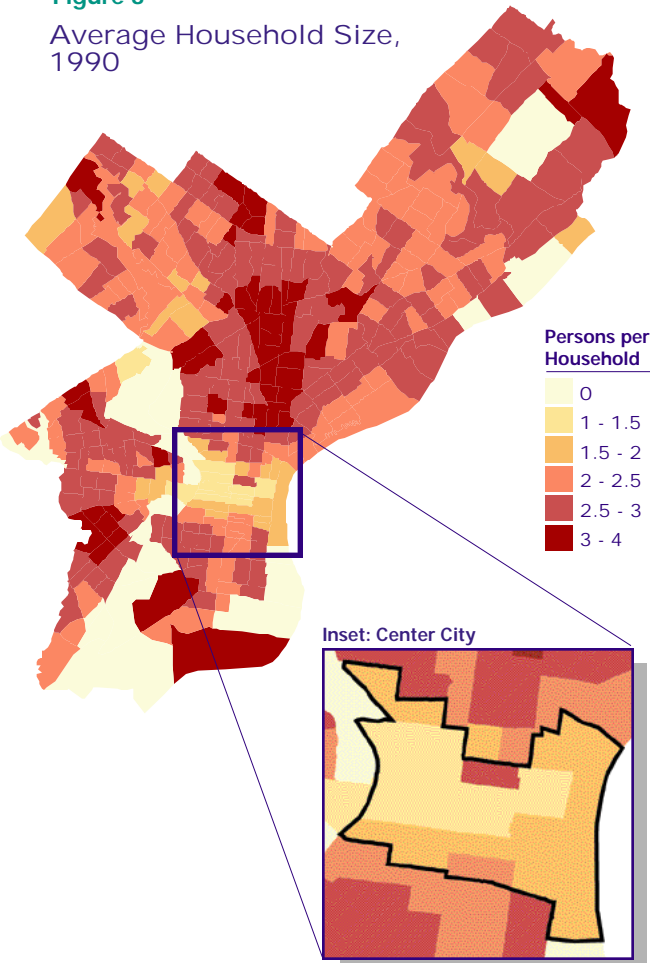
Expanded Definition Of Center City. For the purposes of this report, the expanded definition of Center City is thus based on three factors: (1) neighborhoods that are being marketed by the real estate industry as "Center City" and which are clearly experiencing a spillover of housing demand from downtown; (2) neighborhoods which, adjusting for inflation, have experienced an appreciation in housing values of approximately 200% or more (greater than 6% per year) since 1970; and (3) neighborhoods in which average households contain fewer than two people; that is, household composition is closer to the core area norm of 1.5 than the citywide average of 2.5. Figure 8, showing the changes in average household size in Philadelphia over the decade, underscores the decrease in average household size downtown and the concentration of smaller households in Center City.



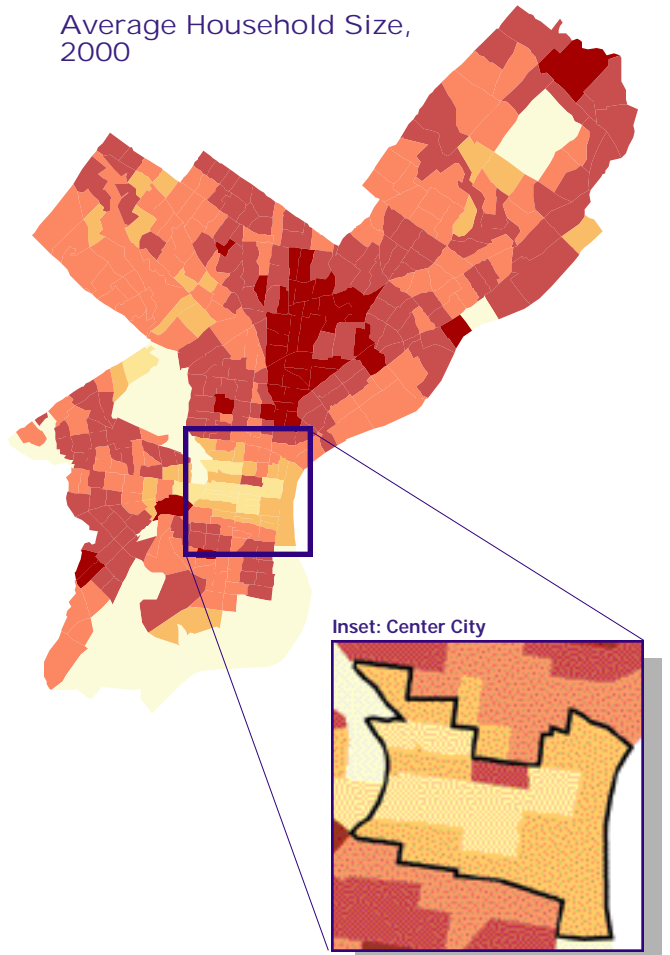
Demand for housing in Center City has expanded beyond the traditional boundaries of the downtown core, spilling over into adjacent neighborhoods within minutes of office, cultural and retail destinations.

Figure 8

Average Household Size, 1990



Average Household Size, 2000



THE BENEFITS OF DENSITY

Downtown apartment buildings concentrate a large number of people in a relatively small area, giving Center City some of the highest levels of population density in the City. Overall, Philadelphia has a density of 18 persons per acre³. The core area of Center City has an average density of 39 persons per acre, with the highest concentrations in Washington Square West (71 persons per acre) and in Rittenhouse Square (66 persons per acre). Between 1980 and 2000, every neighborhood in the core of Center City experienced an increase in population density, rising on average by 16%. The greatest increases since 1980 occurred in Old City (+275%) and East of Broad (+282%), where older commercial warehouses, factories and office buildings have been converted to apartments, condominiums and dormitories (Table 6).

With the exception of Northern Liberties, where there are still large tracts of vacant land and empty factories, and along the Delaware River waterfront, density levels in the extended area of Center City are high as well. But since most of these neighborhoods don't have the same volume of large buildings that have been converted to housing, the rate of increase in density is less pronounced than at the edges of the central business district.

While for many, the dream of homeownership includes a single-family detached home with a lawn and garage, there are extraordinary benefits to residential density. Living in the midst of a mixed-use downtown enables residents to walk to work, shops, restaurants, theaters and movies. A critical mass of residents, in close proximity to a major employment center, means an area can support a wide range of retail uses that exist no place else: restaurants, cafes, specialty food stores, galleries and one-of-a-kind shops. Density means diversity and provides residents with a wide range of choice. Density also creates opportunity for employment and for new business formation, as transportation costs are minimized.

Figure 9

Center City Residential Density, 1980

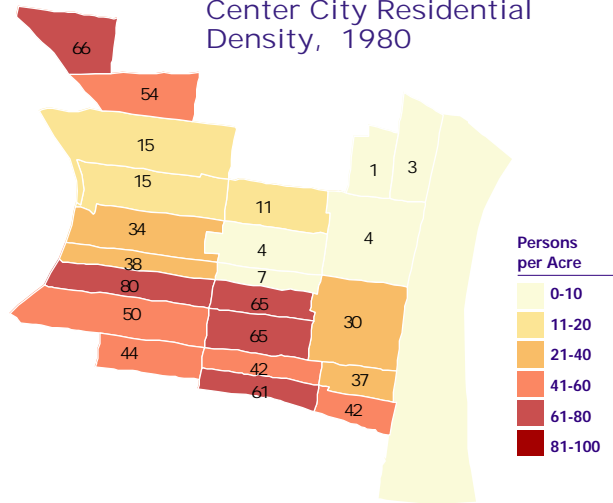


Figure 10

Residential Density, 1990

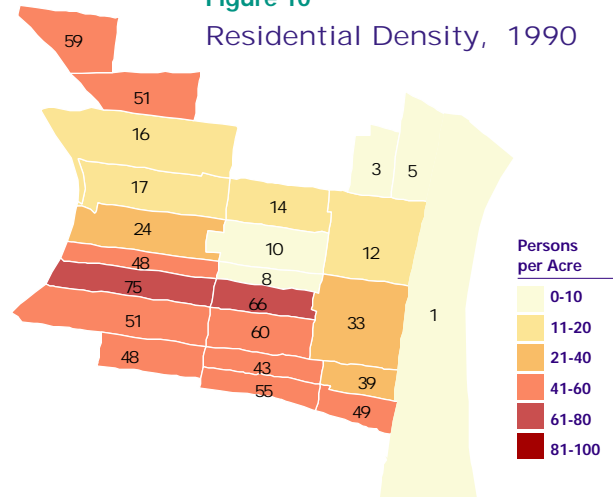
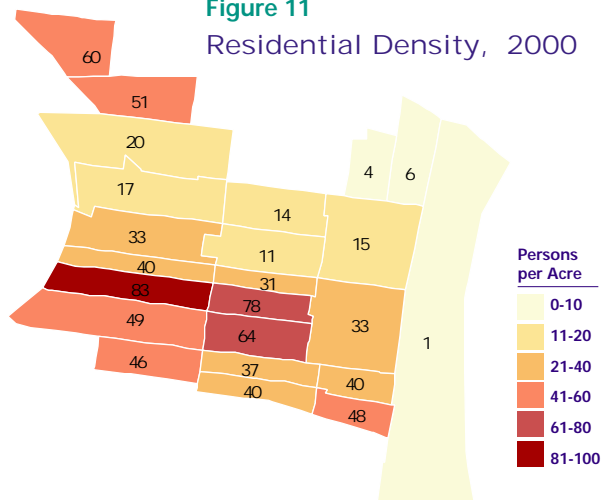


Figure 11

Residential Density, 2000



Area	Neighborhood	Year			Percent Change		
		1980	1990	2000	80-90	90-00	80-00
Core	Chinatown	11	14	14	27%	0%	27%
	East of Broad	6	9	21	64%	133%	282%
	Logan Circle	15	17	17	13%	0%	13%
	Old City	4	12	15	200%	25%	275%
	Rittenhouse/Fitler	65	63	66	-3%	5%	2%
	Society Hill	30	33	33	10%	0%	10%
	Wash West	65	63	71	-3%	13%	9%
	West of Broad	36	36	37	0%	1%	1%
Core		34	35	39	4%	12%	16%
Extended Area	Art Museum	45	42	44	-7%	4%	-3%
	Bella Vista	52	49	39	-5%	-21%	-25%
	Northern Liberties	2	4	5	100%	25%	150%
	Queen Village	40	44	44	11%	0%	11%
	South of South	44	48	46	9%	-4%	5%
Waterfront	1	1	1	0%	0%	0%	
Extended Area		37	34	32	-8%	-4%	-12%
Center City		35	34	36	-2%	4%	2%

³ By comparison, New York's density is 39 persons per acre, Boston's 22 per acre, Chicago's 20 per acre and Washington D.C.'s 13 per acre.

HOME OWNERSHIP AND RENTAL

While Center City has many neighborhoods with high rates of homeownership, 67% of downtown occupied units are rental and 33% are owner-occupied. This contrasts with the City as a whole, where 59% of units are owner-occupied and 41% are (Table 7). During the 1990s, Chinatown, East of Broad, Northern Liberties, and South of South Street have increased their share of rental units.

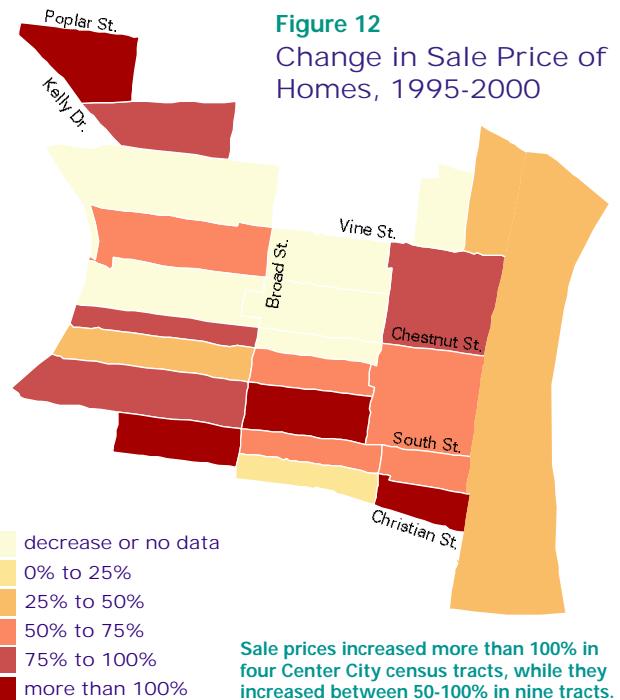
Among Center City neighborhoods, only Society Hill has more owners than renters and exactly mirrors the City's percentages⁴. As one moves away from the high-rise

apartment buildings of Center City, percentages of home ownership rise to 35% in the Art Museum area, 47% in Queen Village, and 49% in Bella Vista.

The percentage of homeowners in Bella Vista, Queen Village, Rittenhouse/Fitler Square, Logan Circle, Old City, and Washington Square West has also been rising in the last decade; the Art Museum area has remained unchanged.

⁴ Currently 74% of the units on the waterfront are condominiums. But with the completion of 242 new apartments at Docksider later this year, the number of rental units along the Delaware will more than triple, and rental units in this area will outnumber owner-occupied dwellings.

Area	Neighborhood	Owner	Renter
Core	Chinatown	19%	81%
	East of Broad	2%	98%
	Logan Circle	31%	69%
	Old City	23%	77%
	Rittenhouse/Fitler	29%	71%
	Society Hill	59%	41%
	Wash West	18%	82%
	West of Broad	36%	64%
Core		30%	70%
Extended Area	Art Museum	35%	65%
	Bella Vista	49%	51%
	Northern Liberties	26%	74%
	Queen Village	47%	53%
	South of South	33%	67%
Waterfront		74%	26%
Extended Area		39%	61%
Center City		33%	67%
Philadelphia County		59%	41%



This newly constructed three-home infill development on 6th Street in Queen Village took advantage of the 10-year tax abatement for new construction. The 4,000-square foot row homes, marketed for \$600,000, have been sold.



Docksider, a new 16-story luxury apartment complex on Pier 30 at the Delaware Riverfront, is nearing completion. The starting rent for the 242 apartments with luxury amenities is \$1,700 per month.



Sixteen single-family homes, marketed for between \$299,000 and \$410,000, are under construction on the site of the former Palumbo's restaurant at 9th and Catherine Streets in Bella Vista.

CHILDREN IN CENTER CITY

There are 5,620 children in Center City under the age of 17, constituting just 7% of the downtown population. By contrast, children under 17 make up 25% of the City's total population. Several neighborhoods in Center City – Logan Circle, Old City, West of Broad, East of Broad, Northern Liberties, and the Waterfront – all have more children under 17 than they did in 1990. But overall, since 1990, there has been a 12% decline in the number of children under 17, and a 22% drop in the number of children under 5.

Given the growth of younger professionals and empty nesters and the dramatic increase in apartments in Center City, it is not surprising that children have become a smaller share of the downtown population. But as Figure 13 suggests, when children reach school age, many parents apparently choose to leave Center City. So, it is of vital importance to have good schools, parks and other amenities in Center City to retain families with children downtown.

But this may not be the central issue since Center City has an ample supply of well-regarded schools. There are 25 public, private, parochial and charter primary schools in Center City between Girard and Washington Avenues with a total enrollment of 9,636 in 2001. There are 20 secondary schools with an enrollment of 9,904. In total, the 20 public primary and secondary schools account for 55% of all enrollment. Private schools like The Philadelphia School, St. Peters School and Friends Select provide a strong option for parents, drawing 77% of their K-8 students from Center City neighborhoods.

While many families want their children to have an urban experience, the size of Center City's housing units, the lack of private yards, the limited number of off-street garages, and the culture and nightlife of Center City may provide a different atmosphere and lifestyle than many families with younger children are seeking. So the real challenge for Philadelphia is to capitalize on Center City's extraordinary residential revival and to retain these younger, more affluent households in other, more residential neighborhoods of the City when their families outgrow the smaller dwelling units and lifestyle that predominates downtown.

Figure 13

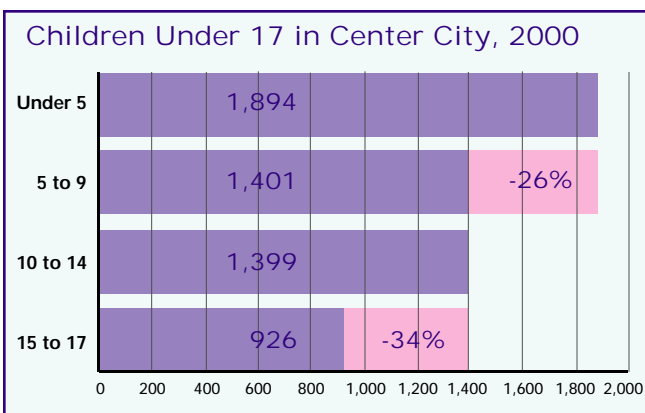


Figure 14

Location of Families with Children

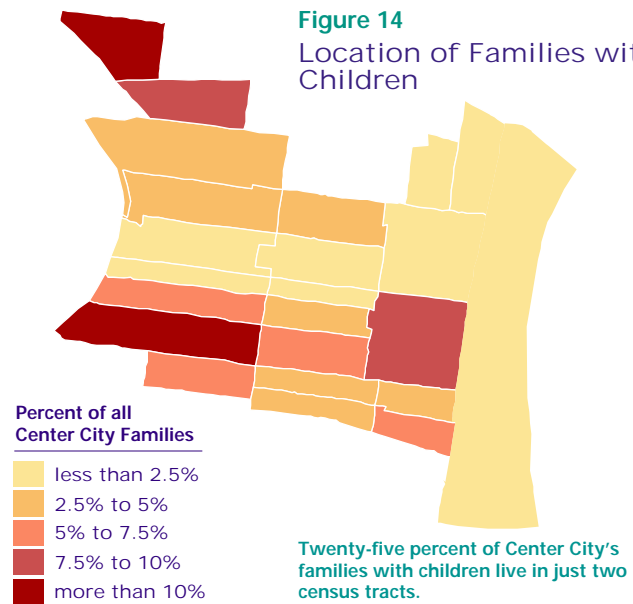
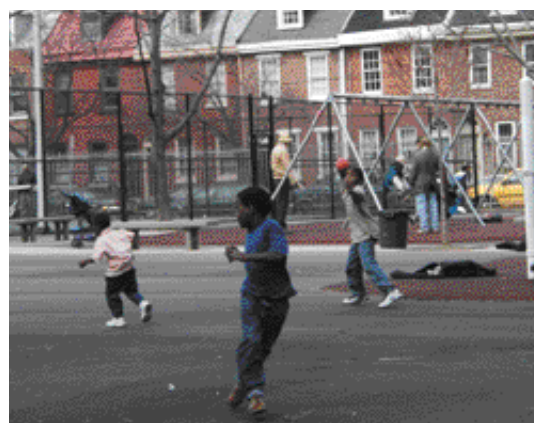
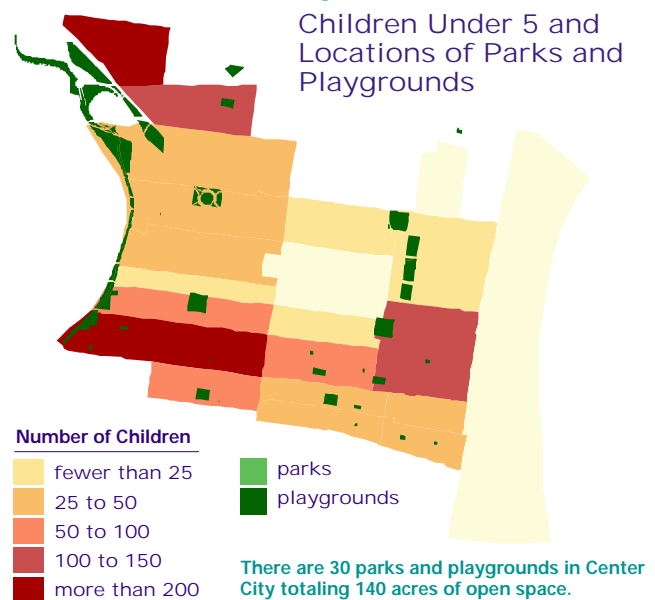


Figure 15

Children Under 5 and Locations of Parks and Playgrounds



Weccacoe playground, on the 400 block of Catherine Street, is one of 21 playgrounds in Center City that provides active recreation opportunities for young residents.

CONCLUSION

In her study of 44 city centers, Dr. Birch noted that while 75% experienced population growth in the 1990s, only 38% had downtown populations in 2000 greater than 1970 levels. The downtown core area population of Philadelphia grew by 13% between 1970 and 2000. However, looking at the enlarged zone we have redefined as Center City, Philadelphia's downtown population in 2000 was just 1,662 persons shy of the 1970 level of 80,564.

But given the continued strength of the housing market, and the fact that the 2000 Census was actually conducted in 1999, it is highly likely – based on the number of apartments that have come on line in the intervening three years - that even the expanded Center City area has now surpassed its 1970 population level.

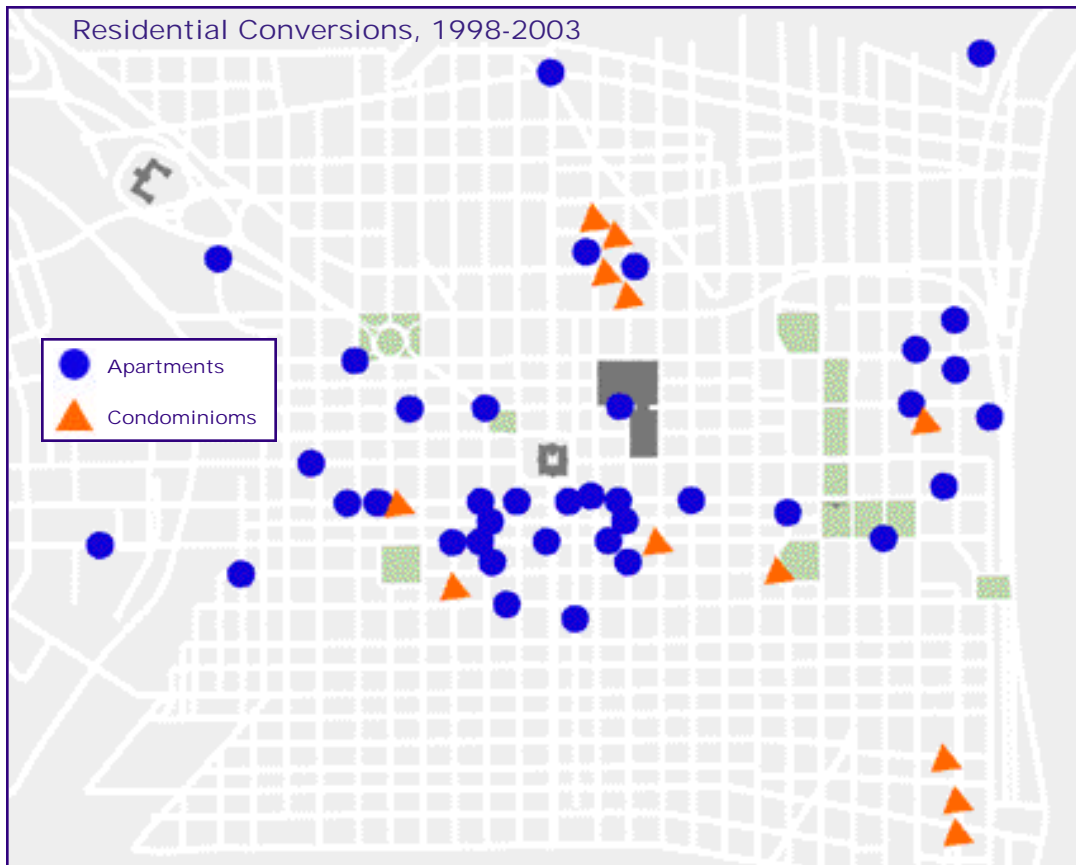
More important, increased demand for housing has led to rising rents and enhanced home values, making it profitable once again to renovate and build new housing. The City of Philadelphia's decision to approve a ten year tax abatement in 1997 for the conversion of vacant commercial and industrial buildings to residential use helped trigger developer interest, enabling them to turn older, non-performing eyesores into new housing opportunities for both moderate and higher-income households (Figure 16). In

many converted buildings, a majority of tenants have been drawn from outside the city.

The ten-year tax abatement for new construction, approved in 2000, has had a similar positive effect as new townhouses are filling in gaps in the residential fabric and helping to expand the boundaries of Center City (Figure 17). For the first time in almost 15 years, new high-rise residential construction has become feasible. Two major developments are underway and several more are in the financing stage.

A variety of factors have converged to create this residential revival: a clean, safe and well-lit downtown, a period of economic expansion, local fiscal recovery, enhanced amenities that have been widely promoted by a number of organizations, and national demographic and lifestyle trends. The overwhelming success of downtown housing is a major achievement that should be celebrated, sustained and expanded geographically. Having attracted new people into Center City, Philadelphia now has the opportunity to keep families within the City as they outgrow downtown with new strategies to attract households to the extraordinary architecture and housing diversity of Philadelphia's neighborhoods.

Figure 16





St. James Court on Washington Square (left), the 11 condominium units under construction in a former school at 2nd and Christian Streets (center), and Locust on the Park, at 24th and Locust Streets (right) have all taken advantage of the 10-year tax abatement for residential properties.

Results of 10-Year Tax Abatement for Residential Conversions, 1998-2003

Apartments

Committed/In-Progress	8 Buildings	552 Units
Completed	26 Buildings	2,546 Units
<u>Proposed</u>	<u>5 Buildings</u>	<u>204 Units</u>
Total	39 Buildings	3,302 Units

Condominiums

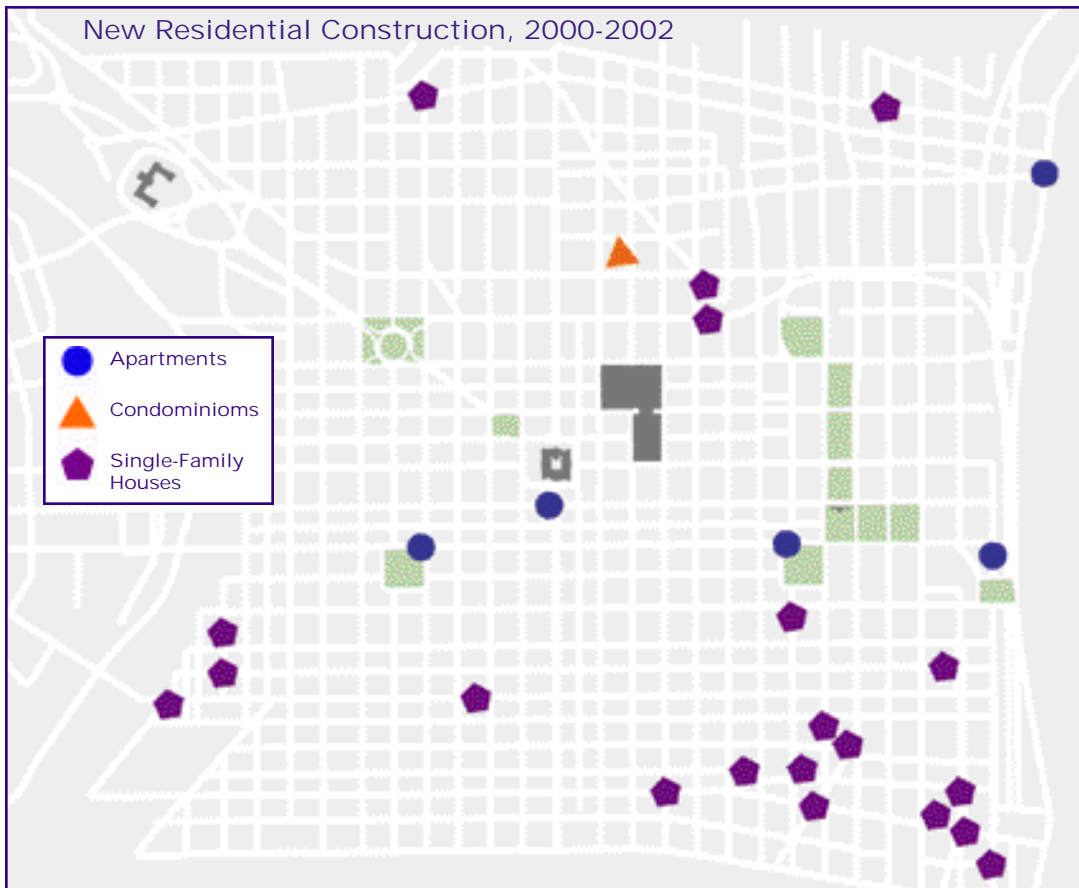
Committed/In-Progress	6 Buildings	152 Units
<u>Completed</u>	<u>8 Buildings</u>	<u>238 Units</u>
Total	14 Buildings	390Units

2,784 Completed Units = 4,176 Residents*

*Based upon an average of 1.5 residents per unit.

CPDC; 2000

Figure 17



CENTER CITY DEVELOPMENTS

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This report, prepared by the staff of Central Philadelphia Development Corporation (CPDC), is a detailed look at demographic and housing trends of the last three decades and is based on an analysis of the 2000 Census and upon a number of surveys conducted by CPDC.

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