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CENTER CITY Digest

Not A Tale of Two Cities

In just 8% of the city's land area, at the center of the region's transportation network, Center City and University City hold 370,000 jobs, 53% of the city's total. Densely developed, these places host a substantial share of the region's universities, hospitals, corporate headquarters and tourist destinations. They house 37% of the new residents who moved into Philadelphia since 2010. University City attracts students, research dollars and invests in innovation. Downtown's economy is diverse; it's thriving with arts, culture, retail and restaurants and brimming with well-educated workers who are drawing employers back from the suburbs.

A few thousand high-end condo units added since 2001 stand out as symbols of change and, sometimes, objects of resentment. Yet, more than 90% of developed land downtown is occupied by office towers, hospitals, hotels, colleges and retail shops. Two-thirds of jobs in these buildings *do not* require a

college degree; one-third need only a high school diploma. SEPTA enables 150,000 Philadelphians, 25% of working residents of every city neighborhood outside Center City, to connect to these jobs each day. This is the largest and most diverse center of employment in the region.

Pull the camera back to Philadelphia's 135 square miles and you find working-class, middle-class, and some upper-income neighborhoods, but quickly confront the central challenge: the highest poverty rate (25%) of America's 10 largest cities.

Here, children may grow up without opportunity, without skills needed to compete in the 21st century economy. More than 80% of the city's 127,646 low-income renter households pay a disproportionate share of income on housing, leaving less for food and clothing. Federal subsidies are declining. Homeowners with limited means cannot afford repairs, so their properties deteriorate. Diminished purchasing power causes quality grocery stores to avoid many neighborhoods. The opioid crisis further destabilizes communities, driving a new surge in homelessness.

A PROBLEM OF JOBS:

Poverty is not a scourge like a biblical plague. It is neither fate, nor a fact-of-life. Poverty ballooned in the 1970s as Philadelphia began hemorrhaging 300,000 jobs over the next three decades. From 1970 to 2015, the city added 100,000 people living in poverty – 2,200 per year born, falling into, or arriving in poverty. Yet, in those same years, Philadelphia lost more than 500,000 working-class and middle-income residents – about 11,000 per year – departing for suburbs where jobs expanded by 110%. So Philadelphia's high poverty rate results in part from losing five times as many working- and middle-class residents as new poor people added. This does not minimize the magnitude of poverty, it only highlights that this is a problem of jobs.

Mayor Kenney's focus on education is an essential part of the cure, equipping young people with skills to be competitive. Yet, only 27% of the city's households have school-age children and the strategy presumes available jobs – lots more of them – in a city that is growing more slowly than 23 of America's largest cities.

WeFilm Philly

Since the recession, most American cities have outperformed the national economy. Philadelphia has not. New York and Boston, which lost the same percent of manufacturing jobs as we did in the last quarter of the 20th century, have since rebounded, respectively adding 14% and 24% more jobs than they had in 1970. Philadelphia has 24% fewer jobs. We've barely returned to 1990 job levels. Cities with higher rates of job growth usually have lower rates of poverty.

THIS IS NOT A TALE OF TWO CITIES; IT IS A TALE OF ONE CITY THAT IS NOT GROWING FAST ENOUGH TO ADDRESS PROBLEMS WE INHERIT AT A TIME WHEN WE CANNOT LOOK TO HIGHER LEVELS OF GOVERNMENT.

We lag not only in jobs, but also in housing production. What's termed a "boom" in Center City places us 62nd in housing construction among the nation's 100 largest counties. Still, the disparities are painful for all to see between areas of growth and those with continuing job and population loss. In major portions of several City Council districts, poverty rates are over 40%. This is the compelling challenge Philadelphia must address.

However, several cures recently proposed would exacerbate the problem. Many seek to compensate locally for lost federal revenues for income redistribution and housing subsidies by adding to the cost of doing business or developing in the city. A recent report by the City Controller, however, highlights that the economics of housing production work in only 30% of the ZIP codes in the city; in the other 70%, incomes do not come close to supporting the rents or mortgages required to underwrite rehab or new construction. While there are ways to lower Philadelphia's construction costs, the affordability challenge does not derive primarily from overpriced housing—rents are the lowest among big cities in the Northeast. The problem is that incomes are too low.

Federal taxation spreads the burden for redistribution across all localities. Likewise, recent cuts to marginal tax rates affect all 50 states. When legislating locally, however, one size does not fit all. Mandatory inclusionary zoning and impact fees may be supportable in San Francisco, which added jobs at the

rate of 3.6% per year since 2009. Seattle's growth rate is 2.4%. Philadelphia has averaged job growth of just 1.4% per annum; so accentuating differential costs between city and suburbs can be counterproductive, especially this late in the business cycle.

ACCELERATING GROWTH:

What does it take to accelerate job growth and raise incomes locally? The majority of employers in the post-industrial economy have choices. They can locate anywhere and yes, they choose places with great amenities and thousands of recent college graduates. However, facing global pressures, they also require a competitive business climate and attention to the quality of public spaces and walkways.

Philadelphia's wage tax, despite substantial reductions from 1996 to 2008, is still almost four times the regional median and the City recently slowed its rate of reduction dramatically. We are the only large city to have a business tax on both gross revenues and net income. Regionally, the Business Income and Receipts Tax (BIRT) has no counterpart, adding a 20% to 50% premium on downtown occupancy costs.

This is an era of corporate downsizing and cost-conscious consolidation. Nonetheless, office buildings remain in most cities the densest containers of jobs – the highest wage and the most diverse offerings – including maintenance, security, janitorial, engineering, construction, technical and office support functions. Office buildings hold 40% of Center City's jobs. Among the 20 largest cities, Philadelphia is just one of two (along with Baltimore) with fewer office jobs than in 1990, down 2%. New York is up 2% in office jobs, Chicago +3%, Boston +5%, Atlanta +9% and Charlotte +12%.

Philadelphia has a history of self-inflicted wounds. In the 1970s, de-industrialization, suburbanization and inner city redlining cost us 164,457 jobs and 260,399 residents. At the same time, local government more than doubled the wage tax from 2% to 4.3%, cresting at 4.96% by 1990. People and jobs departed, the tax base shrank, but rates were continually raised with few efficiencies achieved in government. This pushed more employers and workers out of the city.

It is not that Philadelphia taxes too much, we tax the wrong things; 63% of the municipal budget comes from taxing what readily moves, namely employee salaries and business revenues. Despite recent increases, we still under-rely on the property tax and pay the price with underfunded schools. What's required is a shift from taxing what moves to relying more on immobile land and improvements.

COMPETITIVENESS AND QUALITY OF LIFE:

After 50 years of decline, job growth in Philadelphia started only after the City began significant reductions to wage and business taxes in 1996. Prior to passing the 10-year tax abatement in 1997, Philadelphia produced less than 3% of the region's housing units. In the decade after, we jumped to a 10% regional share and began to add residents. Since 2010, 25% of the region's housing starts have been in the city, with 55% of those in Greater Center City. Of course, demographics are helping, but construction numbers need to work to attract investment capital.

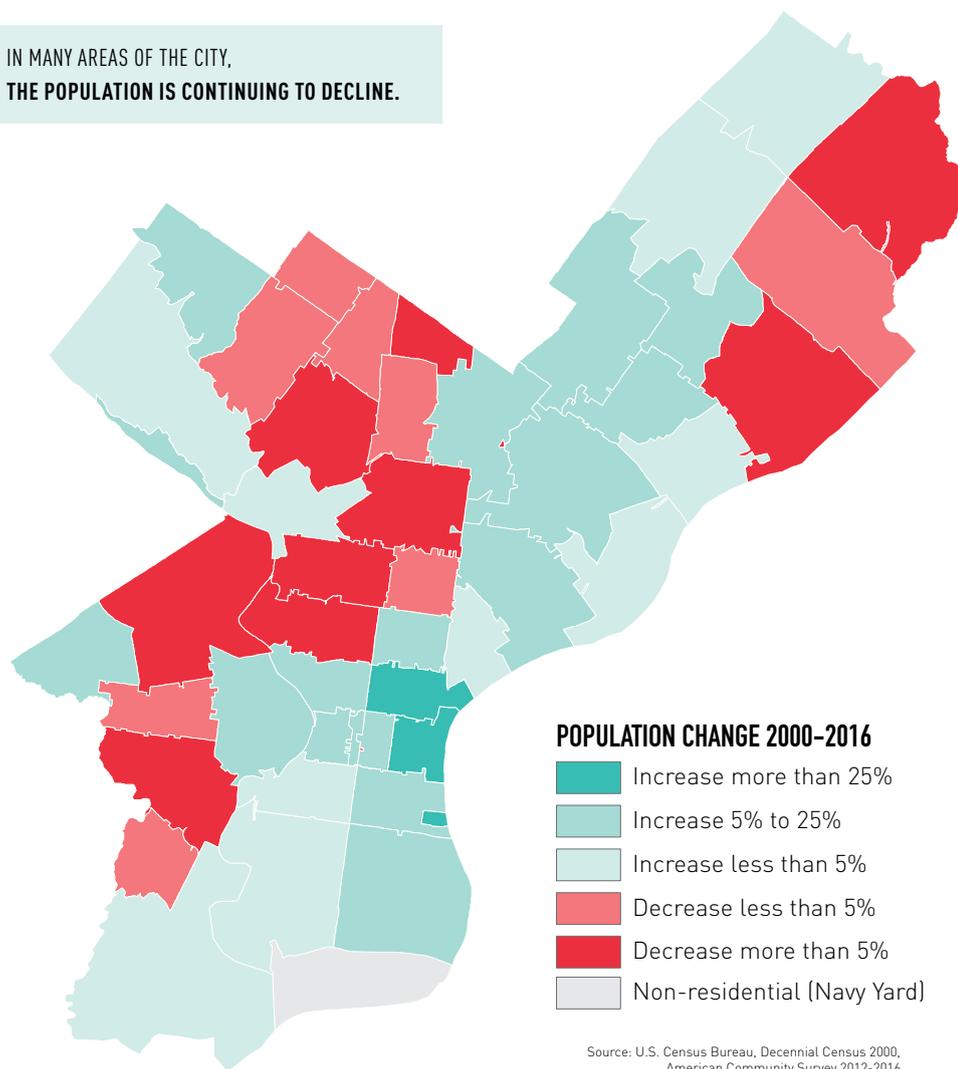
So too in the 1990s, all major cities discovered that when they focused on minor infractions, quality-of-life crimes and disorderly behavior, while providing help for those in need, serious crimes declined. Quite simply, a city can be compassionate and still set standards for reasonable behavior on the street (see outreach story on page 5). It was only after business and residential areas became safe in the 1990s that population and jobs began to rebound. Too many take today's vibrant Center City for granted when it rests in part on a buoyant national economy and demographic trends that won't last forever.

AN OLD, CONTINUING STORY:

When poverty and income statistics were released last month, there was much consternation that the city's poverty rate barely budged, while experts puzzled about incomes that seemed to fall. This is because the obsession with gentrification in a handful of neighborhoods is blinding reporters and analysts to the obvious: in many neighborhoods, the old trend of working-class and middle-income households departing for the suburbs continues (see map on page 3).

PHILADELPHIA POPULATION CHANGE, 2000-2016

IN MANY AREAS OF THE CITY,
THE POPULATION IS CONTINUING TO DECLINE.



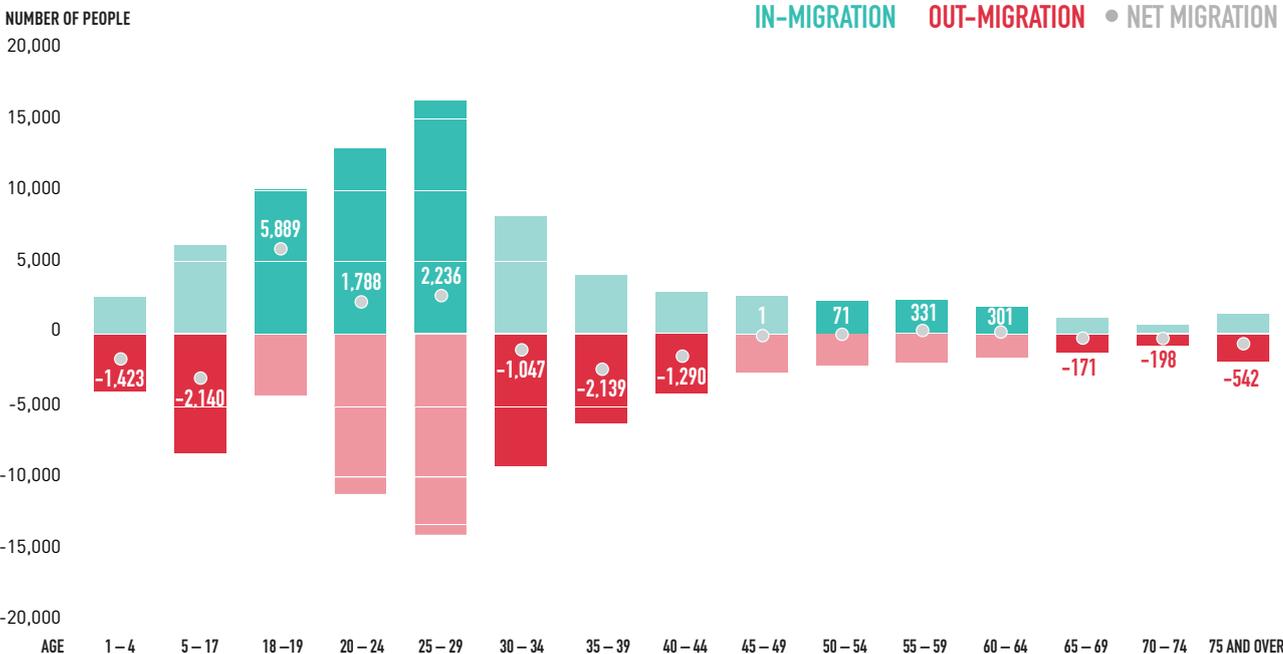
Despite success downtown in the last eight years, 62,000 more residents of city neighborhoods departed for homes in suburbs than moved in. Only local births, immigration and downtown growth kept us population positive. People follow jobs: outside Center City, 211,000 Philadelphia residents (40% of the workforce) reverse commute to suburbs each day. Since suburban employers are obligated to withhold the full wage tax from city residents, there's a significant incentive (a 3% salary increase) for reverse commuters to find homes closer to their jobs. Incomes for remaining residents don't need to fall for average wages to decline. All it takes is for the population to decline when upwardly mobile, working- and middle-class families depart.

High taxes, slow growth and deteriorating quality-of-life issues are not just a problem for downtown; they erode the base of many neighborhoods across the city.

The sooner we get beyond the politics of resentment and cease pitting downtown against neighborhoods, wealth against poverty, the sooner we can tell a tale of one city, despite polarization at the national level, that's come together around a citywide agenda for dynamic and inclusive job growth.

Paul R. Levy
President
plevy@centercityphila.org

PHILADELPHIA & SUBURBS: IN AND OUT MIGRATION BY AGE



DESPITE MANY MEDIA STORIES TO THE CONTRARY, IN ONLY A HANDFUL OF AGE COHORTS DOES PHILADELPHIA HAVE MORE PEOPLE MOVING IN FROM THE SUBURBS THAN MOVING OUT; **81% OF THE HOUSEHOLDS THAT HAVE MOVED OUT DON'T HAVE CHILDREN.**

Source: ACS 2016 5-Year Estimates

CCD Sidewalk Cleaners



Center City District's long-tenure cleaners who were hired through CCD's partnerships with employment and job training programs (l to r): Gregory Walker (22 years), Kenneth Adams (24 years), Rance Leggs (23 years), Annette Ross (20 years), Rosie Hannah (21 years). Not pictured: Ronald Wallace (24 years), Michael Brown (24 years).

Center City District's team of more than 100 sidewalk cleaners supplement the City of Philadelphia's sanitation services and the obligations of property owners. Seven days a week, 12 months a year, these uniformed workers manually and mechanically clean and pressure-wash sidewalks, CCD parks and two SEPTA Regional Rail stations.

Since the mid-1990s, hundreds of Philadelphians seeking a new start have been offered jobs on CCD's cleaning crew through the District's relationships with a variety of organizations that assist the unemployed, homeless, and returning citizens. These partners include Project Home, Metro Career Center, Jewish Employment and Vocational Services, and Philadelphia OIC, among others.

ABM Janitorial Services, which manages CCD's cleaning operations, also works with counselors at two nearby Community Correction Center (CCC) halfway houses, part of the Pennsylvania Department of Corrections, to provide job opportunities for select candidates who are transitioning back into the working world.

Many have moved on to other jobs. But more than two dozen men and women hired as CCD cleaners have stayed on, with many currently marking more than 20 years of service in helping to make Center City more attractive.

Kenneth Adams started at CCD in June 1994, when he was referred through a program matching public assistance recipients with job opportunities.

"I never looked back from that point on," he said. "I didn't think I'd be here for 25 years. That's not the way most companies operate nowadays, they don't keep people for 20, 30 years."

The father of two young daughters when he started at CCD, Adams will soon celebrate his 30th wedding anniversary and his daughters are 27 and 28.

"CCD benefited me and my family in a lot of ways. It helped me pay off my home, my bills... it did wonders for me and what I wanted to do with my life."

WE WANT TO HEAR FROM YOU! COMPLETE A FIVE-MINUTE SURVEY AT [CCDSURVEY.COM](https://ccdsurvey.com)

AND BE AUTOMATICALLY ENTERED TO WIN \$250 IN RESTAURANT GIFT CERTIFICATES. FIVE LUCKY WINNERS WILL BE CHOSEN AT RANDOM.

Survey closes at midnight on November 30, 2018, so please give us your opinion and suggestions today!





FOR MORE INFORMATION ABOUT OUTREACH
 CONTACT BRIAN KORN AT
 BKORN@CENTERCITYPHILA.ORG

Homeless Outreach Program

A sustained, focused and cooperative outreach program funded and launched this spring by the CCD, and implemented in partnership with Project Home and the Philadelphia Police, has helped scores of chronically homeless individuals to accept assistance, come off the street and enter facilities geared toward their needs.

Teams consisting of two Project Home outreach workers, two police officers from the police service detail and two CCD Community Service Representatives (CSRs) have engaged in sustained conversation with an average of 40 homeless individuals and panhandlers each day within the boundaries of the Center City District since the outreach program began April 23.

THE JOINT OUTREACH PROGRAM WILL CONTINUE THROUGH NOVEMBER AND WILL BE EVALUATED DURING THE WINTER.

In the program's first 22 weeks, 106 people accepted help and came off the street. More than 50 people each week also complied with the city's sidewalk behavior ordinance, which places limits upon sitting on public sidewalks or placing obstructing objects on walkways. This was achieved with no arrests or civil citations. More than a dozen major office buildings and hotels made significant contributions to the CCD to defray the costs of the effort.

TO SUPPORT THE OUTREACH EFFORT, MAKE A TAX DEDUCTIBLE CONTRIBUTION TO THE CENTER CITY DISTRICT FOUNDATION, PLEASE CONTACT KATIE ANDREWS AT KANDREWS@CENTERCITYPHILA.ORG



Melvin Epps

The Center City District Foundation: Pulse Comes to Life

“With the successful opening of this first phase, I feel great momentum towards completion of the blue and orange lines to activate the entire park.”

-artist Janet Echelman, creator of Pulse

Members of the city’s arts and philanthropic communities, along with media and curious onlookers, gathered at Dilworth Park on September 12 for the illumination of the first phase of *Pulse*, a site-specific work of public art created by internationally renowned artist Janet Echelman.

Echelman noted, “When I started work eight years ago, this was a forlorn plaza. So it’s especially exciting to see the colors come alive in this beautiful park.”

In colorful four-foot-tall mist along the surface of Dilworth Park’s fountain, *Pulse* traces the paths of SEPTA lines directly below. Thanks to the contributions of more than 15 generous donors to the Center City

District Foundation (CCDF), the green line (representing the Subway-Surface Trolley) is complete. Fundraising continues for the orange (Broad Street) and blue (Market-Frankford) lines of this engaging work.

“With the successful opening of this first phase, I feel great momentum towards completion of the blue and orange lines to activate the entire park,” Echelman said.



Melvin Epps



YOUR GIFT TO CCDF WILL
HELP US COMPLETE *PULSE!*
FOR MORE INFORMATION, VISIT
SUPPORTCCDF.ORG
OR CONTACT KATIE ANDREWS,
AT 215.440.5529

Melvin Epps



James B. Abbott

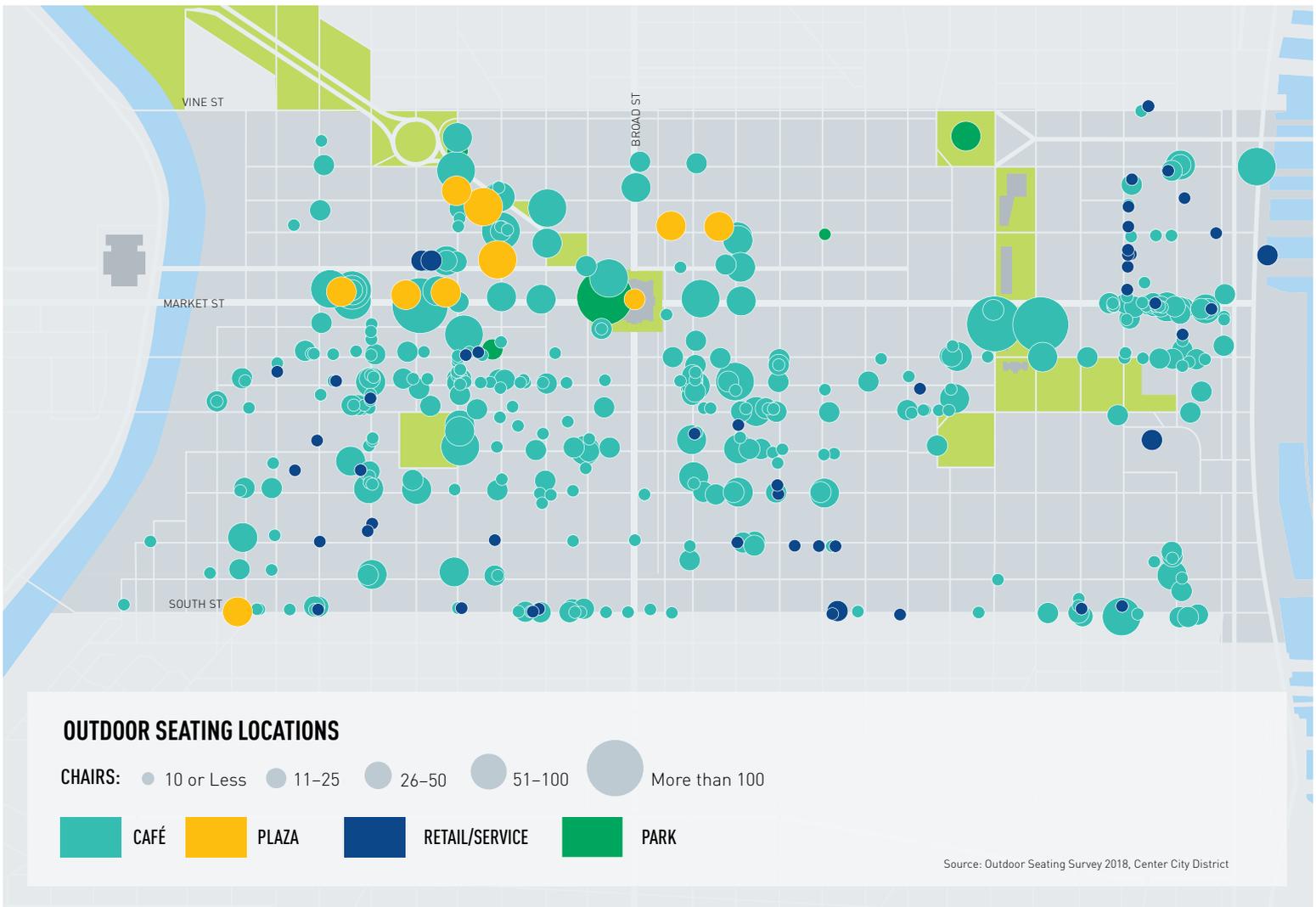
Have you visited the Rail Park yet?

The park became an instant hit after the grand opening of the project's Phase 1 in June. Center City District oversaw the planning, design, fundraising and construction of this transformative park for the Callowhill and Chinatown North neighborhoods.

The park is being maintained by the CCD, in partnership with the city Department of Parks & Recreation and the Friends of the Rail Park. The District is actively working to make Phase 2 of the Rail Park a reality.



Peter Tobia



Outdoor Seating Report

Outdoor seating, from sidewalk cafes and parks to seasonal pop-up gardens, continues to animate Center City’s public spaces and provide places for people to gather rather than simply pass through.

Since the Center City District began its surveys in 2001, sidewalk seating in Center City has increased 391%. Restaurants, coffee shops, juice bars, retail establishments and formerly barren office plazas have all contributed to the increase in outdoor seating from zero locations in 1995 to 428 in 2018.

Outdoor Seating 2018, a new report from the Center City District and Central Philadelphia Development Corporation, counted a total of 428 establishments with 6,743 seats throughout Center City – defined as between Vine and South streets, river to river.

Seating on sidewalks blurs the line between indoor and outdoor, encourages more customers to enter businesses, increases the number of customers businesses can serve, creates additional opportunities for social interaction, adds more eyes on the street and improves public safety.



INTRODUCTION
Sidewalk seating contributes to the vitality of Center City’s streets, increases the number of customers a business can serve and encourages pedestrian traffic. Seating on sidewalks blurs the line between indoor and outdoor, encourages more customers to enter businesses, creates additional opportunities for public encounters and adds more eyes on the street that improve public safety.

Sidewalk seating is provided not only by cafes and restaurants, but also by non-food retailers. Center City’s public parks and privately owned plazas have been adding outdoor seating. In the last decade, vacant and underdeveloped areas have been redeveloped into parks, plazas and pop-up gardens, providing spaces for people to gather and interact. Sidewalks and public spaces have become destinations, rather than just places to pass through.

GROWTH
Outdoor seating was authorized in a 1995 ordinance under Mayor Edward G. Rendell. The first sidewalk cafes appeared outside Rittenhouse Square restaurants in the late 1990s and have continued to spread throughout Center City. Restaurants, coffee shops, juice bars, retail establishments and office plazas have all contributed to the increase of outdoor seating from zero locations in Center City in 1995 to 428 in 2018.

The Center City District began tracking sidewalk seating in 2001, focusing solely on dining establishments. In 2013, non-food retailers were also included, and in 2015, the “other” category was expanded to include outdoor seating unassociated with a specific business, but rather with a park, office building, or collection of businesses. Larger office buildings, like the Comcast Center and Commerce Square, have considerable plaza seating with their tenants as an amenity for their employees, but available to the public. The CCD’s survey of outdoor seating now includes all outdoor cafes, non-food retailers, service establishments, and parks and plazas between Vine and South streets, river to river. Three of the Center City District’s four parks – Diamond Park, Clay Park, and South Green Park – have both cafe and park seating, while John F. Collins Park only includes park seating.

In 2016, 48 non-food retailers provided outdoor seating in 2017 that number rose to 61 locations, increasing 26% and in 2018, 44 non-food retailers – everything from clothing boutiques to hair salons – provided outdoor seating for their guests.

In 2017, there were 422 overall outdoor seating locations in Center City with 6,422 outdoor seats, increasing from 2016. There are now 428 establishments with 6,743 seats throughout Center City. While the number of seats grew between 2017 and 2018, the increase in the number of establishments is due in part to the three closed popular restaurants like the Little Lion and Drizler Day’s.

1

To download the new report *Outdoor Seating 2018*, and other CCD/CPDC reports, visit centercityphila.org/research-reports

Winter in Dilworth Park



Winter is just around the corner, and that means the return of fun and festive events at Dilworth Park. Here is a brief look at holiday season highlights. Stay tuned to dilworthpark.org and facebook.com/dilworthpark for details and additions.

OPENS NOVEMBER 9
**ROTHMAN ORTHOPAEDICS
INSTITUTE ICE RINK & CABIN**

OPENS NOVEMBER 17
Made in Philadelphia
HOLIDAY MARKET

PREMIERES NOVEMBER 19
DECK THE HALL LIGHT SHOW
Presented by Independence Blue Cross

NOVEMBER 23
SANTA EXPRESS
10:30 a.m. – noon

NOVEMBER 13–FEBRUARY 19
QUIZZO IN THE CABIN
Tuesdays, 6 p.m. – 8 p.m.

NOVEMBER 14–FEBRUARY 20
COCKTAILS & COLD ONES
Wednesdays, 5 p.m. – 7 p.m.

NOVEMBER 15–FEBRUARY 21
COLLEGE NIGHTS
Thursdays, 5 p.m. – 9 p.m.

FOR MORE INFORMATION ON
CCD PARKS & EVENTS, VISIT
CCDPARKS.ORG

*Host your next event
at Dilworth Park,
Sister Cities Park,
or John F. Collins Park*

FOR INFORMATION ABOUT CCD PARK
RENTALS, CALL 215.440.5507 OR EMAIL
RENTALS@CENTERCITYPHILA.ORG





Shop Center City

Meet Center City District's newest style ambassadors for the fall Shop Center City campaign.

Mayara Pineiro and Etienne Diaz from the Pennsylvania Ballet, Sharon Pinkenson from the Greater Philadelphia Film Office, Joe Weiss from Alkemy X, Anthony Adams from LR2 and other Philadelphians share their favorite places in Center City to eat, drink, shop and play.

There is nowhere else you can get the best shopping, dining, culture and parks in the region, except for Center City. It's no surprise that Condé Nast Traveler named Philadelphia "Best Shopping City in America."



FIND OUT MORE AT
SHOPCENTERCITYPHILLY.COM
 @SHOPCENTERCITY

CENTER CITY Digest

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 more than 60 years of private-sector commitment to the revitalization of downtown Philadelphia.



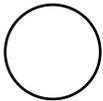
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OCTOBERFEST

AT DILWORTH PARK

OCTOBER 17 - OCTOBER 21

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Maker's
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GOOSE
ISLAND

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WINTER IN DILWORTH PARK

GRAND OPENING | NOVEMBER 9, 2018



ROTHMAN
ORTHOPAEDICS