



You are cordially invited to attend CPDC's

Membership Meeting

***Philadelphia 2019:
What Should Our Priorities Be for the New Year?***

Panelists:

- Della Clark**, President, The Enterprise Center
- Michael Forman**, Chairman & CEO, FS Investments
- Mike Pearson**, President & CEO, Union Packaging
- Shari Reams-Henofer**, Senior Vice President, PNC Real Estate
- Jerry Sweeney**, President & CEO, Brandywine Realty Trust
- Richard Vague**, Managing Partner, Gabriel Investments



**Set the context for our panel discussion
Then, pose a series of questions for our panelists**



Last 2 decades, built a vibrant mixed-use downtown:
40% jobs in office sector; 20% eds & meds; 11.6% leisure & hospitality



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Filled now with young professionals & empty nesters
46% of residents in the core, ages 20-34
75% in core have a BA degree; 50% in extended



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Demographics are a powerful lure to both retailers & employers



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Animated retail streets: pedestrian volumes up 30%



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World-renown cultural institutions



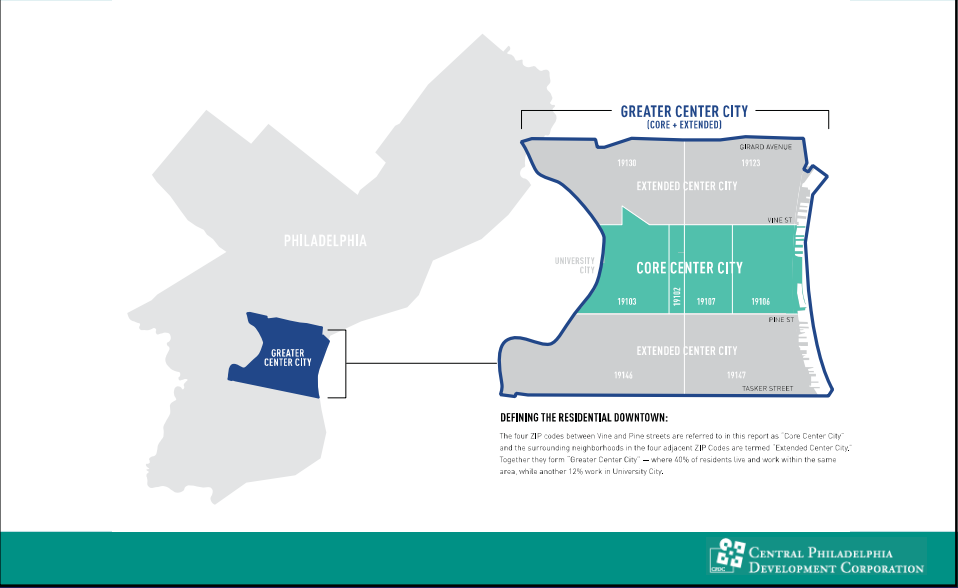
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A growing number of families with children



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Greater Center City fastest growing section of city
 Population up 21% from 2000 = 190,000; 23,178 new housing units
 25% who moved to PHL between 2000-2017 moved downtown



\$6.1 billion in new development just completed or concluding
New Comcast & Aramark buildings
1,923 hotel rooms, 5,150 housing units



Multiple projects on Market East



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Great holiday display at Dilworth Park



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**University City campuses dramatically expanding
Attracting almost \$3 billion in research funding**



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Penn making major investments in innovation



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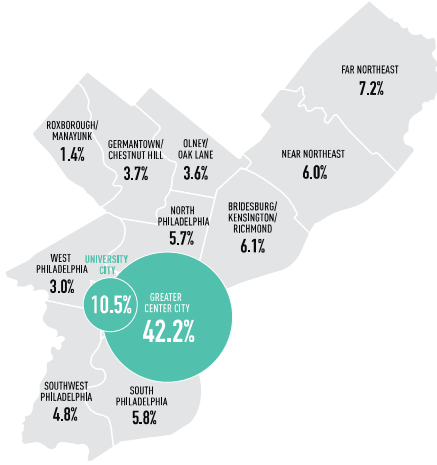
Drexel/Brandywine Innovation District



CPD CENTRAL PHILADELPHIA DEVELOPMENT CORPORATION

Center City (42.2%) + University City (10.5%) 8% of land-area = 53% of all jobs in Philadelphia

PHILADELPHIA EMPLOYMENT BY AREA



Source: U.S. Census Bureau, Local Employment+Household Dynamics, 2015

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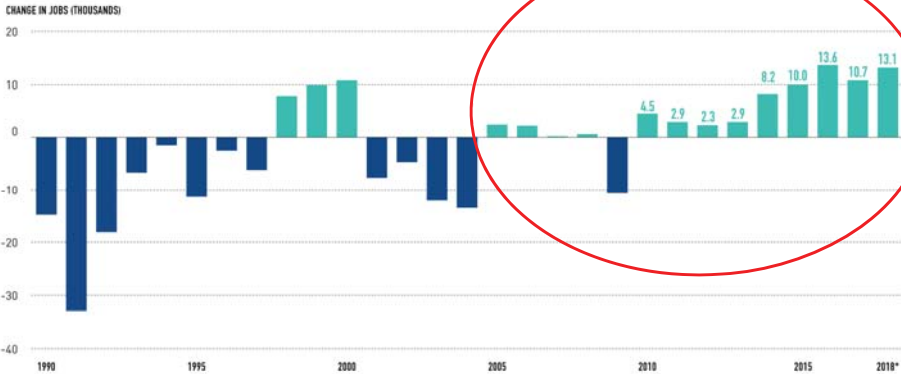
Strong growth at the Navy Yard



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Eight straight years of job growth = +68,000 jobs Longest winning streak in decades

PHILADELPHIA ANNUAL CHANGE IN JOBS, 1990-2018*



*Annual Change in Jobs Preliminary as of October 2018 data
Source: Bureau of Labor Statistics, Current Employment Statistics

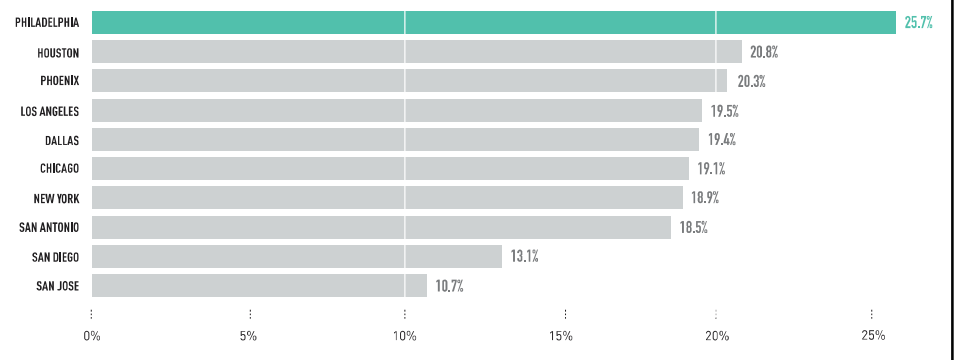
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**Wealth of good news
But pull the camera back.....**



**Bad news:
Highest poverty rate of 10 largest cities: 25.7%**

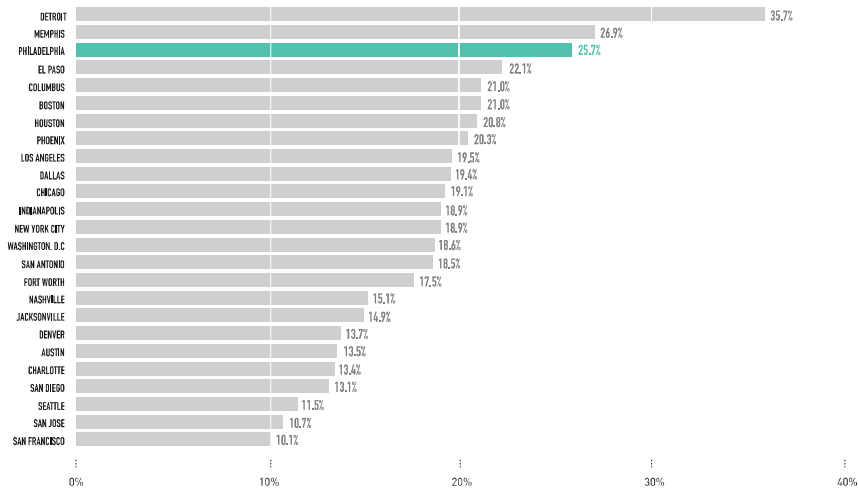
POVERTY RATES AMONG THE TOP 10 LARGEST US CITIES



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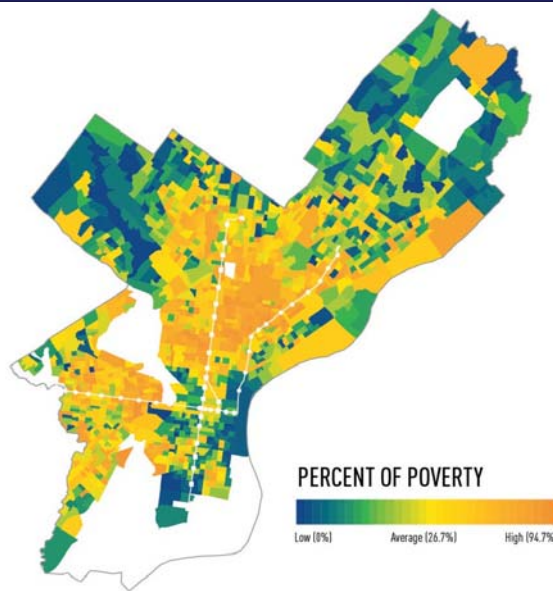
3rd highest poverty rate of 25 largest cities Behind only Detroit & Memphis

POVERTY RATES AMONG THE TOP 25 LARGEST US CITIES



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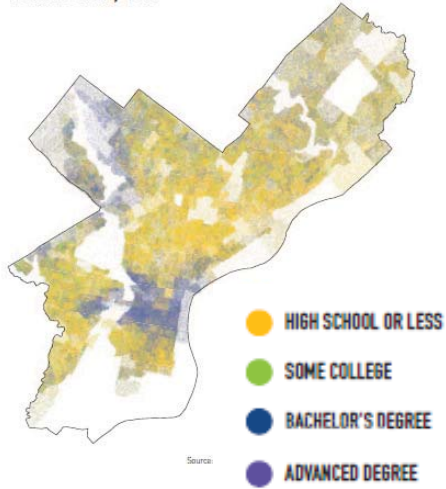
Huge income disparities in the city: **poverty**



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Disparities in education levels

EDUCATIONAL ATTAINMENT, POPULATION
25 AND OVER, 2016



61% 

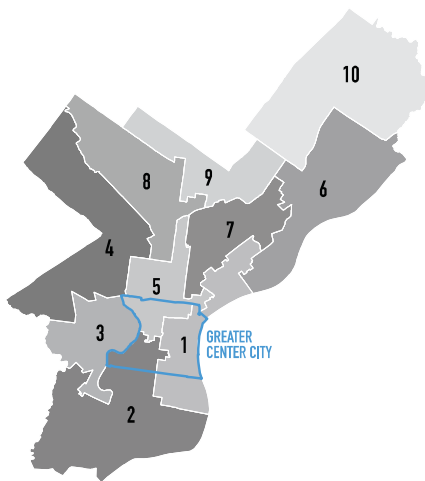
OF GREATER CENTER CITY RESIDENTS HAVE A BACHELOR'S DEGREE OR HIGHER, A POWERFUL ATTRACTOR FOR BUSINESSES SEEKING TALENT, BUT A MARKED CONTRAST WITH SURROUNDING NEIGHBORHOODS

26% Citywide with BA

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Shapes the politics of the city The needs in our neighborhoods are great

FIGURE 3: POVERTY BY COUNCIL DISTRICT



| COUNCIL DISTRICT | POVERTY RATE | DEEP POVERTY RATE |
|------------------------------------|--------------|-------------------|
| 1st District | 22% | 10% |
| <i>Outside Greater Center City</i> | 25% | 11% |
| <i>Inside Greater Center City</i> | 14% | 8% |
| 2nd District | 23% | 9% |
| <i>Outside Greater Center City</i> | 27% | 10% |
| <i>Inside Greater Center City</i> | 13% | 7% |
| 3rd District | 39% | 21% |
| 4th District | 23% | 13% |
| 5th District | 36% | 18% |
| <i>Outside Greater Center City</i> | 44% | 22% |
| <i>Inside Greater Center City</i> | 17% | 9% |
| 6th District | 18% | 8% |
| 7th District | 43% | 19% |
| 8th District | 29% | 12% |
| 9th District | 22% | 9% |
| 10th District | 12% | 5% |

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Challenges in these Districts: Deteriorated housing, Playgrounds in need of substantial reinvestment



Opioid addiction & Insufficient funding for schools



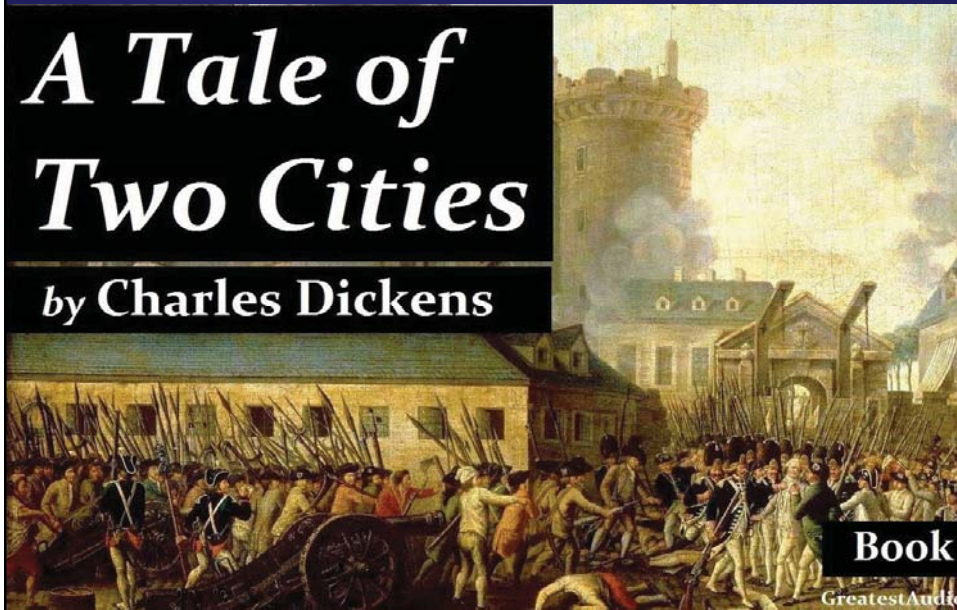
These issues dominate discussion in City Hall



Journalists repeatedly invoking Charles Dickens

A Tale of Two Cities

by Charles Dickens



Central Philadelphia Development Corporation

Federal government cutting back on social safety net & funds for affordable housing & Democratic left calling for much higher federal tax rates to fund social programs

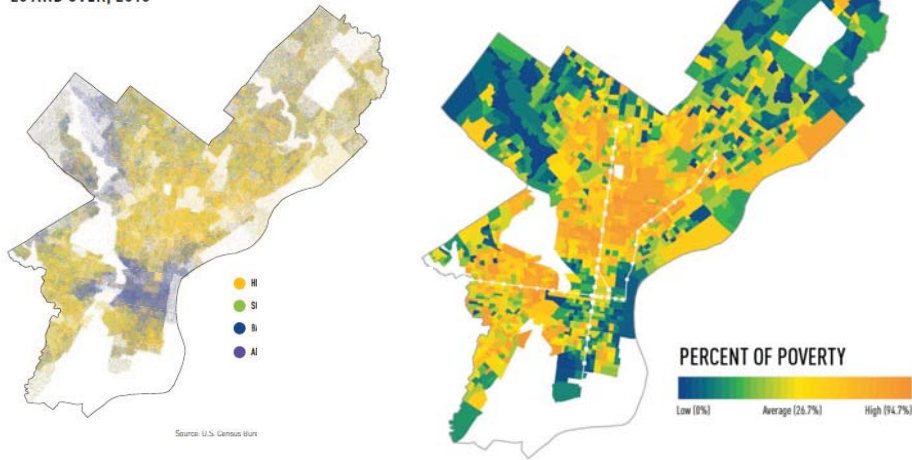


**Conservative Republicans in control nationally
Across the country, this has led to city legislation that seeks to carry out redistribution at the local level**

| | |
|---|---|
| <p>An Analysis of Tax Abatements in Philadelphia</p> <p>Office of the Controller, City of Philadelphia April 20, 2018</p> | <p>City of Philadelphia City Council City Clerk's Office 601 City Hall Philadelphia, PA 19107</p> <p>BILL NO. 180351 Introduced April 12, 2018</p> <p>Councilmember Squilla, Council President Clarka, Councilmembers Guifone Sanchez, Blackwell, Greenlee, Bass, Reynolds Brown and Jones</p> <p>Referred to the Committee on Finance</p> <p>AN ORDINANCE</p> <p>Providing for a payment to the City upon the construction of certain real estate, and directing Council to appropriate revenues from such payments to the Department of Planning and Development - Division of Housing and Community Development, in order to support equitable neighborhood development by constructing affordable housing, including units for sale or rent, and by providing assistance to Philadelphians who desire to become homeowners, all under certain terms and conditions.</p> <p>THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:</p> <p>SECTION 1. Title 19 of The Philadelphia Code is hereby amended to read as follows:</p> <p>TITLE 19. FINANCE, TAXES AND COLLECTIONS.</p> <p>CHAPTER 19-4300. Construction Impact Tax.</p> <p>§ 19-4301. Imposition of tax.</p> <p>(1) There is hereby imposed a tax on the privilege of constructing any structure for human occupancy, including any residential, commercial or industrial occupancy, or making any improvements to any such structure, for which a building permit is required pursuant to § 4-4-301.1.1.</p> <p>(b) For purposes of this Chapter 19-4300, "improvements" shall mean any repairs, constructions, or reconstruction, including additions and alterations, which</p> <p>City of Philadelphia - 1 -</p> |
|---|---|

To respond, we must take these disparities seriously
But forge better solutions that don't kill the golden goose

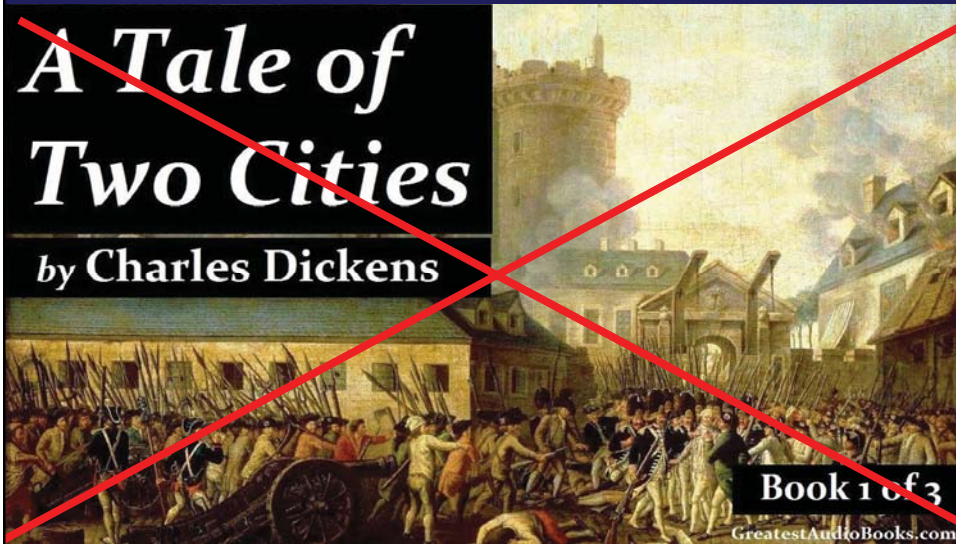
EDUCATIONAL ATTAINMENT, POPULATION
25 AND OVER, 2016



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As a start: we should reject the analogy of *two cities*
Because it leads to misguided stories & cures

~~A Tale of
Two Cities
by Charles Dickens~~

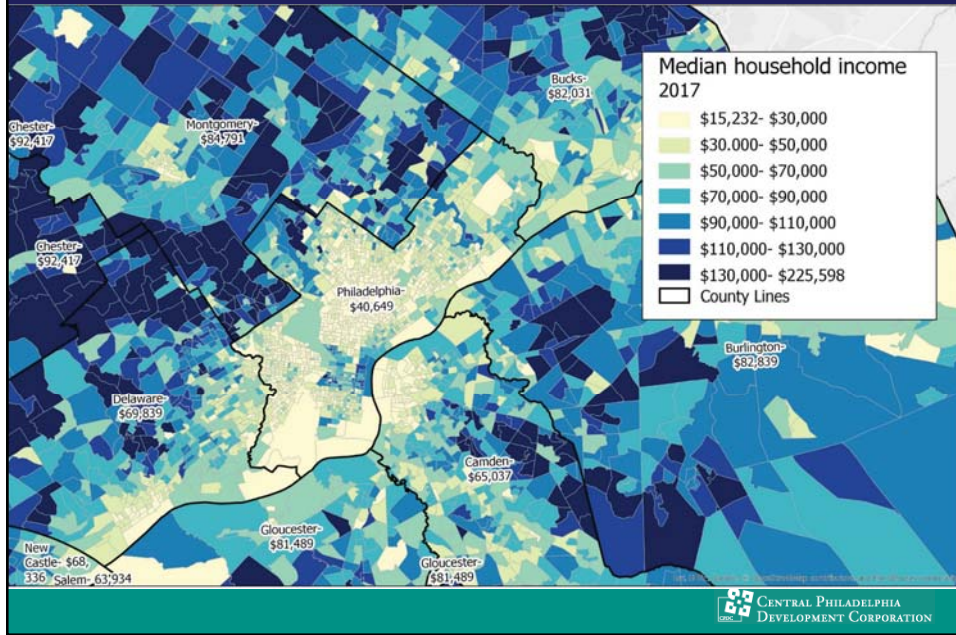


Book 1 of 3

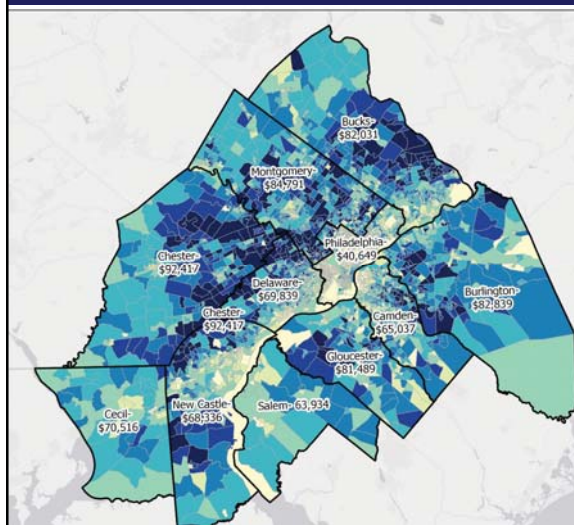
GreatestAudioBooks.com

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**(1) It is essential to focus on poverty in the City
But the real income disparities are between city & suburbs**



Inquirer highlighted the \$75,466 gap between median household income in the Graduate Hospital area & the median income in the Fairhill neighborhood



But the gap between Philadelphia's wealthiest zip code (19106) & Gwynedd Valley (19437)

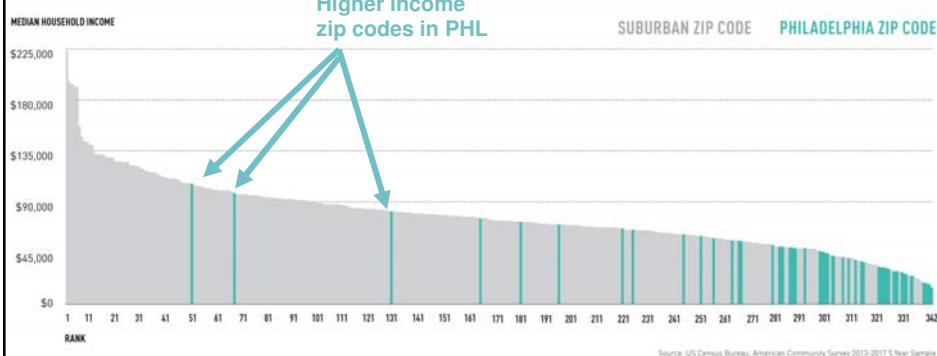
= \$118,775

57% larger gap

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Despite a small handful of neighborhoods, wealth is NOT concentrated in the city

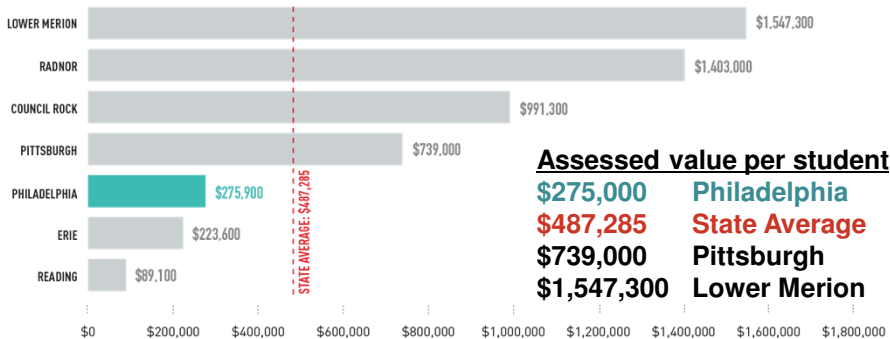
MEDIAN HOUSEHOLD INCOME BY ZIP CODE, PHILADELPHIA METROPOLITAN AREA



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That's why we have a diminished city tax base inadequate to support our public schools

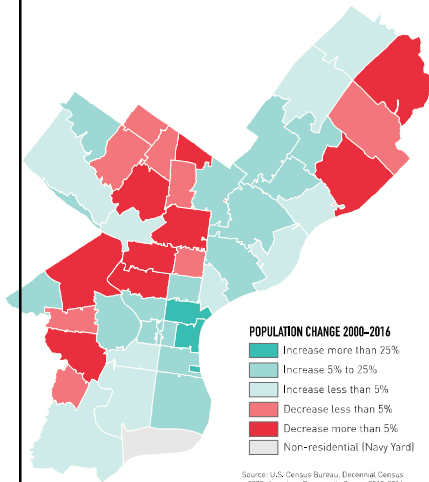
TAX BASE PER PUPIL: 2016-17 PUBLIC SCHOOL & CHARTER ENROLLMENT/
2017 STEB MARKET VALUE



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(2) Important to focus on poverty & gentrification
38% of zip codes in city are still losing population

FIGURE 19: PHILADELPHIA POPULATION CHANGE, 2000-2016



Despite success downtown, since 2010, 62,000 more residents of city neighborhoods left for homes in suburbs than moved from suburbs into city

In both black & white neighborhoods outside downtown more households who make over \$125,000/year are moving out of the city than moving in

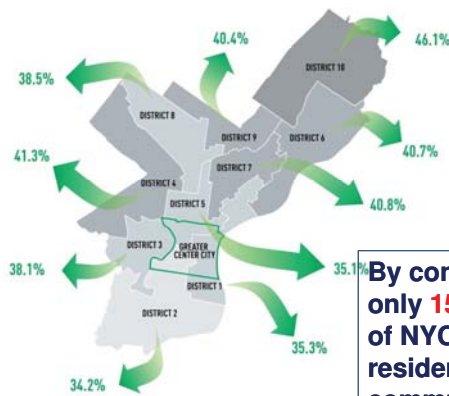
81% of households that left Philadelphia 2010-2016 *do not have children*;

Source: U.S. Census Bureau, (Internal Census 2000, American Community Survey 2012-2014)



This is about people following jobs:
Outside Center City 211,000 Phila residents (40% of workforce)
Reverse commute to suburbs each day

PERCENT COMMUTING TO JOBS OUTSIDE CITY OF PHILADELPHIA, BY CITY COUNCIL DISTRICT

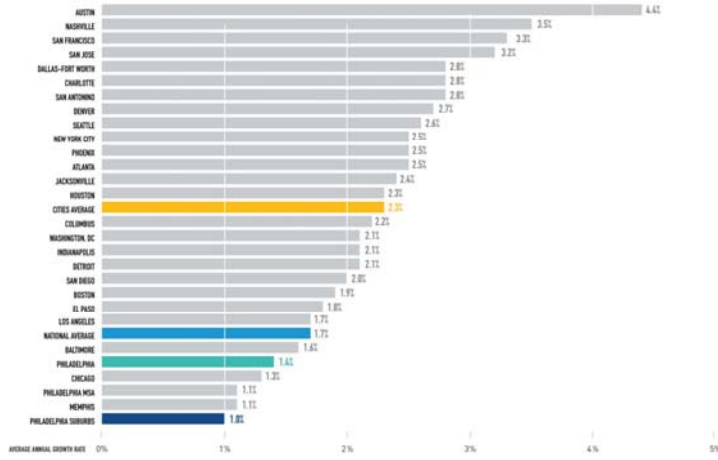


By contrast only **15.3%** of NYC residents commute to suburbs



This is NOT a tale of two cities; it's a tale of one city that's not growing fast enough to address locally problems we inherit
 At a time when we can not look to higher levels of government

PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009-2018*

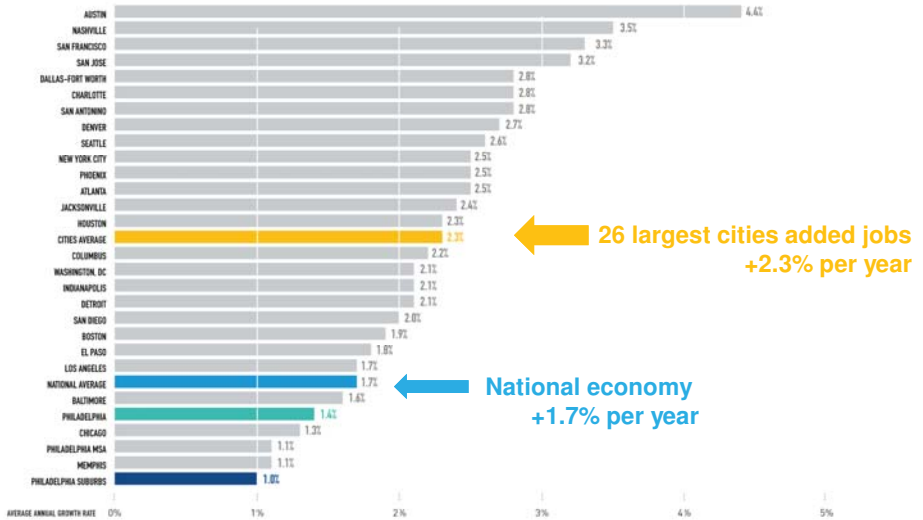


*Annual Change in Jobs (Preseasonally Adjusted) of October 2018 Area Source: Bureau of Labor Statistics, Current Employment Statistics



Nationally, since 2009 we've been living through an urban led economic recovery

PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009-2018*



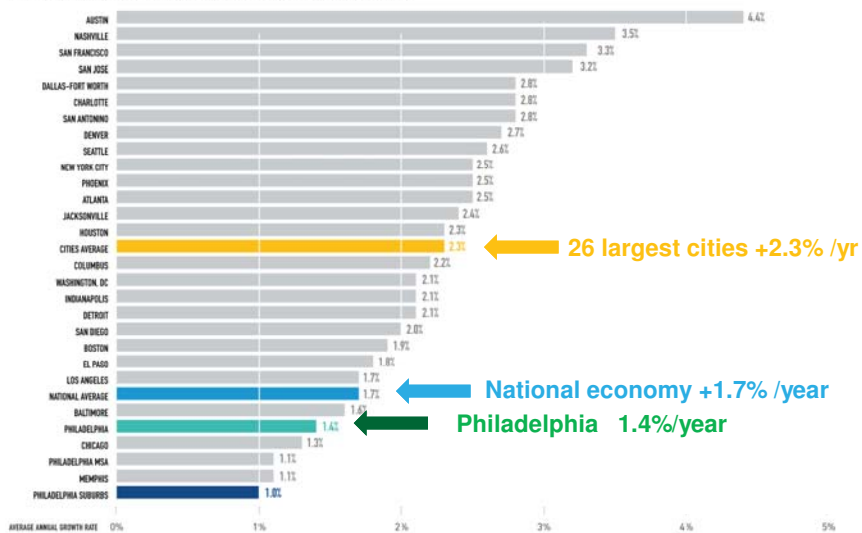
26 largest cities added jobs +2.3% per year

National economy +1.7% per year



Since 2009, Philadelphia averaged only 1.4%/year

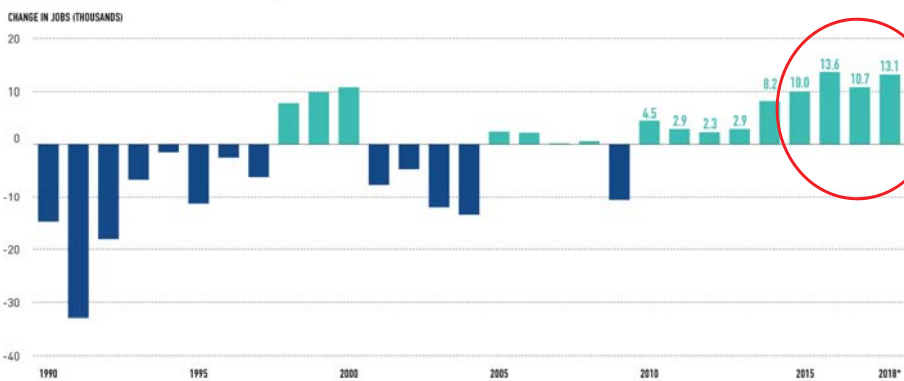
PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009-2018*



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Two of the last 3 years have been strong enough To lift us above Memphis & Chicago; 24th out of 26

PHILADELPHIA ANNUAL CHANGE IN JOBS, 1990-2018*

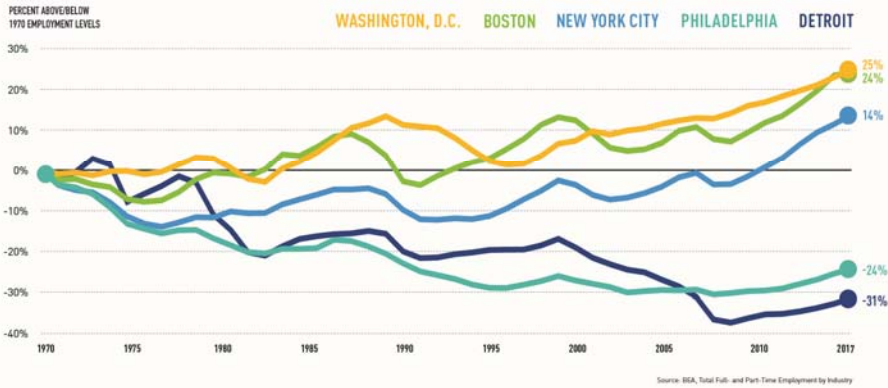


*Annual Change in Jobs Preliminary as of October 2018 data. Source: Bureau of Labor Statistics, Current Employment Statistics

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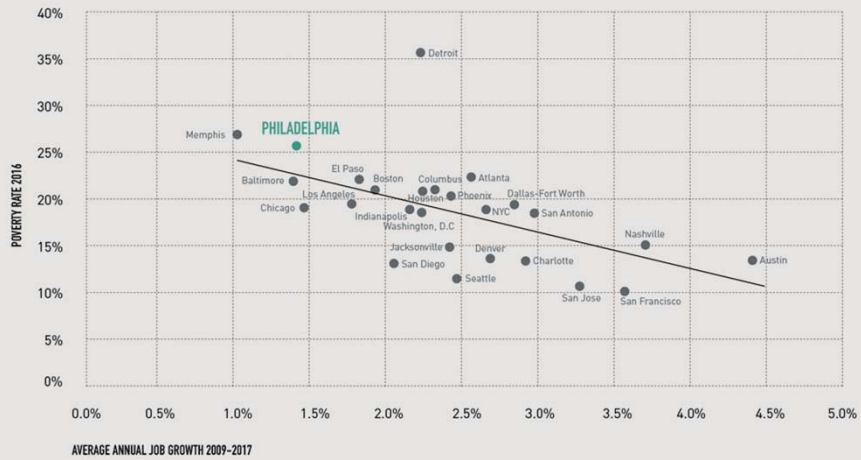
Slow growth means while Boston up +24% & New York +14% above their 1970 job levels Philadelphia is down 24%; close to Detroit

MAJOR CITIES TOTAL WAGE & SALARY EMPLOYMENT, 1970-2017

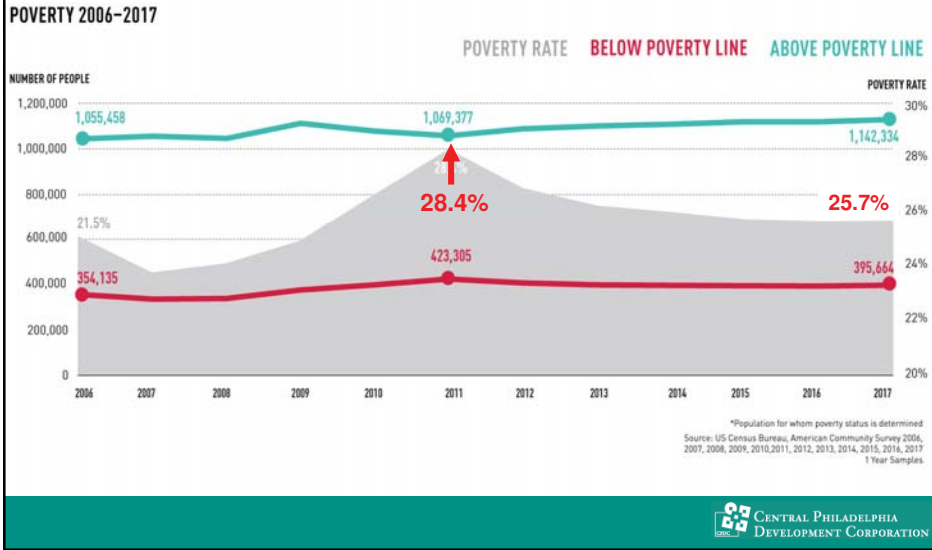


Poverty is a not a biblical plague, it's by-product of slow growth

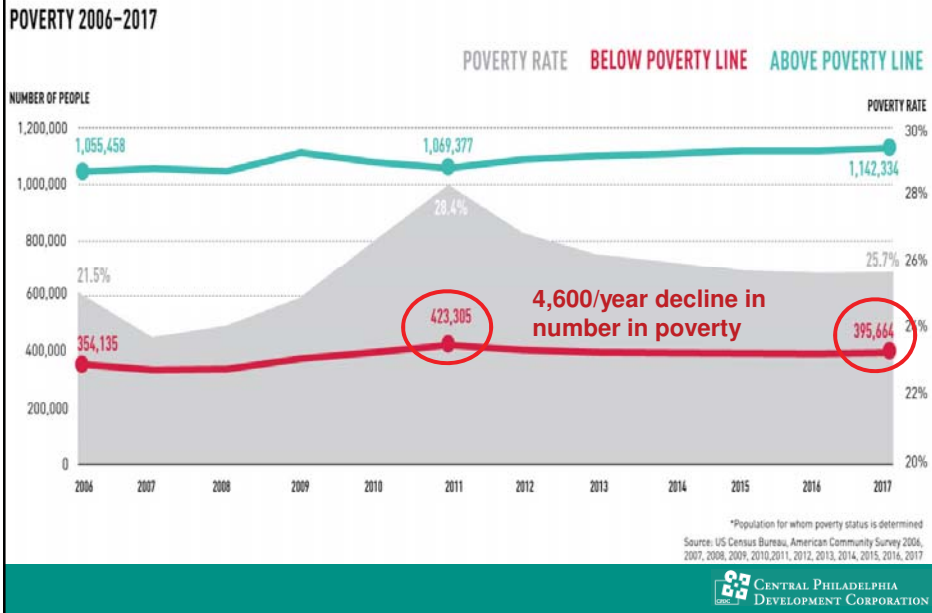
PRIVATE WAGE & SALARY JOBS, AVERAGE ANNUAL CHANGE 2009-2017 VS. 2016 POVERTY RATE



Poverty spiked in Recession; came down as we grew jobs
From 28.4% (2011) to 25.7% (2017)
an average of 4,600/year coming out of poverty

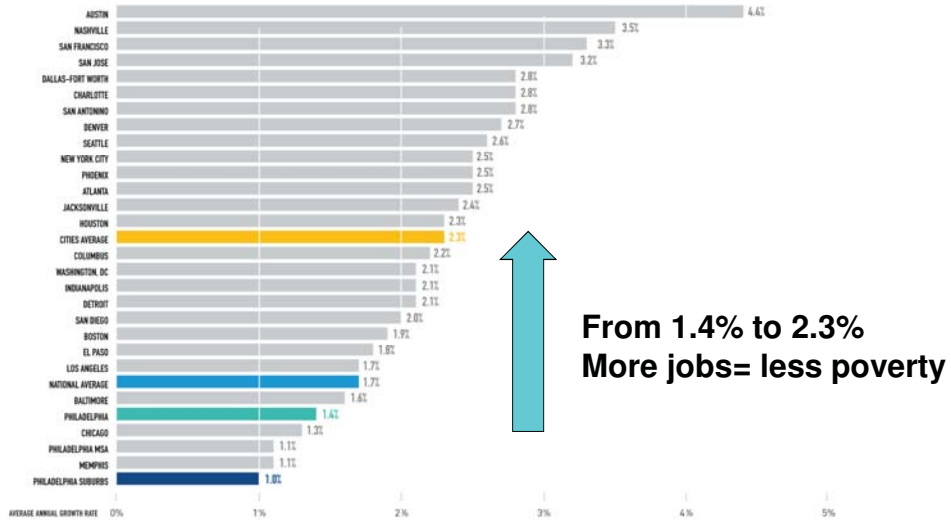


But absent stronger growth, it didn't fall very far



What will it take for us to reach national average? Attain the rate of growth for the 26 largest cities

PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009-2018*



From 1.4% to 2.3%
More jobs= less poverty

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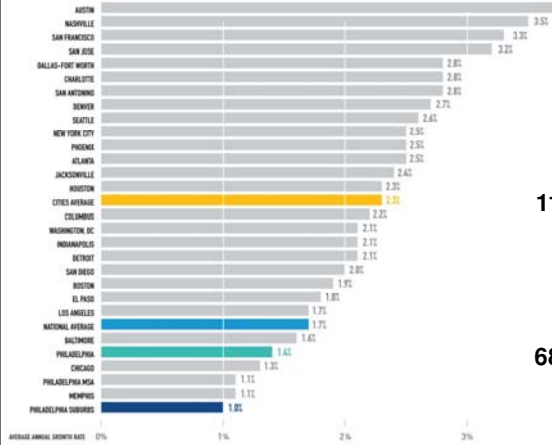
Help generate more funding locally to support both public services & schools



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Had we grown at the average rate of the 26 largest cities
Philadelphia would have added, not 68,000 more jobs
But 115,00 new jobs in the last 9 years
The difference = 47,000 more jobs (one home-grown Amazon)

PRIVATE WAGE & SALARY JOBS AVERAGE ANNUAL CHANGE, 2009-2018*



115,00 new jobs in the last 9 years

68,000 new jobs in the last 9 years



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