



FLIGHT



FIGHT

METROPOLITAN PHILADELPHIA
AND ITS FUTURE

FLIGHT(OR) FIGHT

METROPOLITAN PHILADELPHIA AND ITS FUTURE

SEPTEMBER 2001



THE METROPOLITAN PHILADELPHIA POLICY CENTER, founded in 2000, with a grant from The William Penn Foundation, is a collaboration of the Pennsylvania Economy League, 10,000 Friends of Pennsylvania, and The Reinvestment Fund. Through a combination of research projects and advocacy, the Policy Center develops bold initiatives to strengthen the economic vitality of this region and to ensure that the Metropolitan Philadelphia area offers the highest quality of life for all who live here.

WHETHER YOU ARE FROM:
POTTSTOWN,
NEWTOWN,
GERMANTOWN
(OR) WESTTOWN,



READ THIS REPORT
YOUR FUTURE DEPENDS ON IT.

ISSUES ➤	This report tells a tough story about Metropolitan Philadelphia.	5
	The Philadelphia region is a place with extraordinary assets. It should be a region of choice for young people, families, and businesses.	14
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LAND



LOST

THE REPORT you are about to read tells a tough story about Metropolitan Philadelphia. It brings together—for the first time in one place—an analysis of the region and our communities with the experiences of our residents, obtained through interviews, meetings, polls, and focus groups.

Along the way it points out big trends, deflates myths, and arrives at one inescapable conclusion: that despite the rapid development and traffic congestion we are seeing in some suburbs, neither Philadelphia nor the suburban counties are experiencing strong growth—the sort that brings good jobs, builds wealth, and improves our quality of life.

It's a difficult, sometimes depressing story.
BUT IT'S REALITY staring us in the face. It should be
a wake-up call to all of us who live in this
region, whether in city neighborhoods,
suburban towns, or somewhere in between.

It reminds us of the incredible assets of the region. It
reminds us how proud we are of Metropolitan Philadelphia
and our communities, and it shows us how many of those
communities are in trouble. It shows us how the Philadelphia
region is experiencing an exasperating shell game, where
the same number of people move around the region without
any significant influx of new residents or businesses. Some
communities grow and others decline, and we're weaker as
a result. It shows us how sprawl in one place and urban
deterioration in another are inextricably connected.

AND most important,
it shows us that this

ISN'T
THE WAY THINGS HAVE TO BE.





SHOP



STOP

“Which region are we talking about?,” you might ask.

For most purposes, we define Metropolitan Philadelphia as the United States Census defines us, the fourth largest region in the country. This region encompasses five Pennsylvania and three New Jersey counties. Most of our detailed analysis and our agenda for change, however, focus on Bucks, Chester, Delaware, Montgomery, and Philadelphia counties in Pennsylvania, the heart of the region bound together by one state government. If we are going to change Metropolitan Philadelphia’s fortunes, we must start there.

Metropolitan Philadelphia’s fortunes have
A TREMENDOUS IMPACT upon the economic health
of the entire Commonwealth of Pennsylvania.
In 1999, the five-county Philadelphia region
made up 31% of the state’s population,
33% of the state’s employment, and 36%
of the state’s economy.

“THE MINUTE YOU SAY THE WORD REGION

people say Philadelphia wants my taxes, wants my money.
You have to be careful with that word.”

Focus Group Participant, Glen Mills, PA

So how are we doing? The sad truth is that when we compare ourselves to our peers, we see Metropolitan Philadelphia falling into the second tier of regions. In fact, right now we have more in common with Detroit, St. Louis, Baltimore, and Cleveland than with Boston and Washington.

Despite the turnaround of Center City Philadelphia, despite our unique historical and natural assets, despite our wealth of renowned colleges and universities, what's growing more than anything else in Metropolitan Philadelphia is suburban sprawl. In short, *we are getting all the headaches of modern urban and suburban life—snarled traffic, abandoned neighborhoods, long commutes, poor schools, the loss of open space—without the benefits of strong economic growth.*

KEEPING UP WITH THE JONESES We all tend to compare ourselves to others, and when we compare the bi-state region of Metropolitan Philadelphia to our neighbors, we just don't match up very well.

METROPOLITAN AREA	BOSTON	WASHINGTON	DETROIT	PHILADELPHIA
Population Growth 1970-2000	24%	69%	0%	6%
Job Growth 1991-2000	54%	132%	45%	32%
Per Capita Income 1999	\$36,285	\$38,403	\$31,472	\$32,627
Current Value of \$50,000 House Bought in 1975	\$322,490	\$212,333	\$228,847	\$206,800





START
NOW



WHAT ARE WE going to do about it?

Metropolitan Philadelphia is not a second class place. We've got too much going for us. We've got to do better, to grow the right way. We can grow better not through urban flight and endless sprawl, but by capitalizing on our unique assets to rebuild the city of Philadelphia, relieve some of the pressures of sprawl in the suburbs, and increase the livability of our older suburban towns.

PUT simply, it's time for fight,

NOT **FLIGHT.**

THE PHILADELPHIA REGION IS A
PLACE WITH EXTRAORDINARY ASSETS ➤

Wonderful communities, beautiful
rolling landscapes, a high quality
of life, easy access, a sparkling and
vibrant Center City, culture, history,
and higher learning in abundance.

An aerial photograph of the Philadelphia skyline, featuring several prominent skyscrapers. A large, bold, black word "ASSETS" is overlaid on a white rectangular background in the center-right. A large yellow exclamation mark is positioned below the word "ASSETS".

ASSETS

One of our great assets is a choice of attractive and livable neighborhoods

BOTH in the city



From the Colonial architecture, Victorian mansions, and rowhouses of Philadelphia to the stone houses of the Main Line and the charming small towns—places like Doylestown, West Chester, Narberth, Media, Newtown—that dot our suburbs, the entire region possesses a sense of place that sets it apart from other metropolitan areas.

These are the kinds of communities that other regions like Dallas, Phoenix, and Orlando are trying to build from scratch. Metropolitan Philadelphia is fortunate to have so many traditional communities filled with people with deep roots and an abiding commitment to keep them strong and livable.

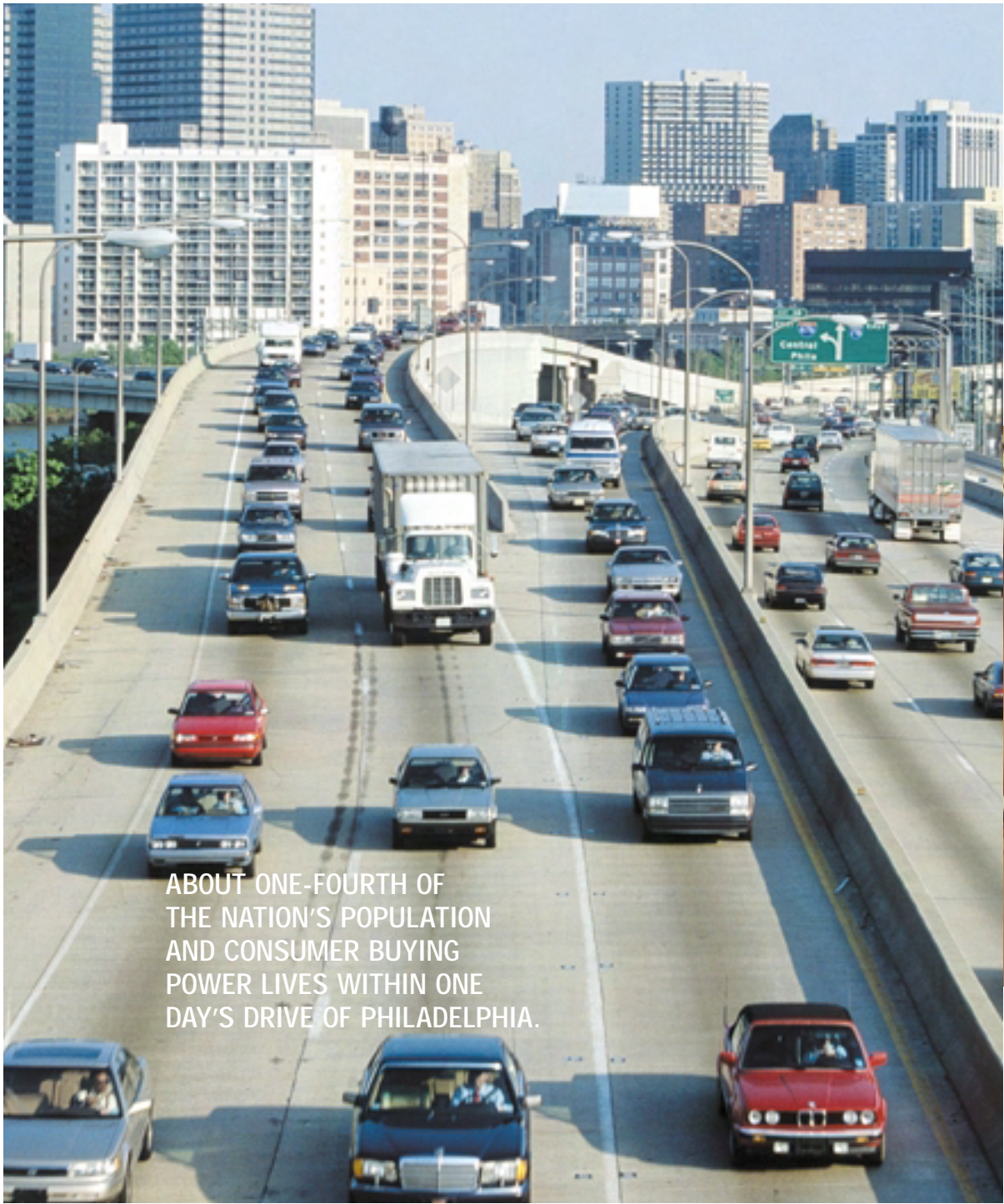


AND in the suburbs.

The region's high-quality housing stock is remarkably, even shockingly affordable, particularly to first-time buyers from the Bay Area, or Washington, or Boston. In 1999, the region's average home price was \$154,000. Even our most expensive residential areas had average home prices that were significantly lower than similar neighborhoods in other major metropolitan areas of the country.

The Philadelphia region's strategic location is another

KEY asset.



ABOUT ONE-FOURTH OF THE NATION'S POPULATION AND CONSUMER BUYING POWER LIVES WITHIN ONE DAY'S DRIVE OF PHILADELPHIA.



You can board a train at Philadelphia's 30th Street Station and reach Manhattan in an hour and Washington, D.C. in 1 1/2 hours riding Amtrak's Acela line. Philadelphia International Airport has flights to more than 100 domestic and international destinations. The region is at the center of a well-developed web of interstate highways, railroads, and waterways. Families can live in the region's attractive and affordable communities and commute to other financial and political centers; businesses can locate factories or shipping facilities here and easily reach markets across the globe.

"If you chalk up everything important to families—good schools, affordable cost of living, culture, and other amenities—

THE PHILADELPHIA AREA COMES OUT GREAT."

Andrew Post, High-tech executive

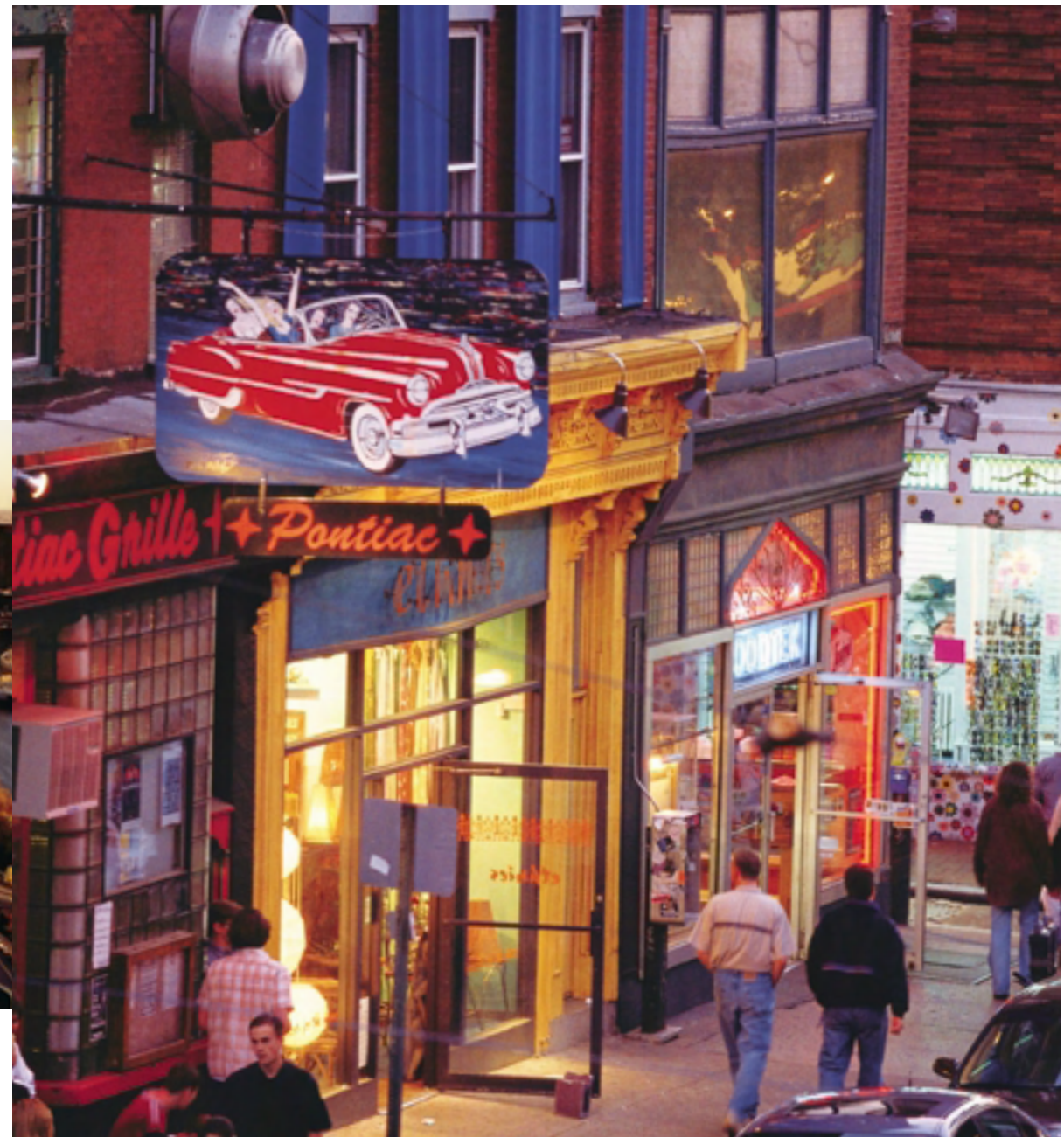


At the heart of our region, we have one of the great national urban success stories of the 1990s.



CENTER city philadelphia

Occupancy rates in Center City offices rose from 83.5% in 1995 to 92.6% in 2000. More than 1.3 million people attended events at our Convention Center in 2000. Retail and restaurant establishments boomed during the last decade, and the area once again has become a destination of choice for tourists and residents alike. A ten-year tax abatement on residential construction has spurred the conversion of older industrial structures into apartments and condominiums. Today, 78,000 people live in Center City, and its neighborhoods are among the most desirable in the region.



"THERE'S NO HOTTER REAL ESTATE MARKET
in the region right now than in downtown Philadelphia."

*Chip Roach, Prudential Fox and Roach Realty,
the nation's seventh-largest brokerage last year with
\$6.9 billion in Philadelphia-area home sales.*

THE INCREDIBLE HISTORICAL
AND CULTURAL ASSETS OF OUR REGION ➤

Independence National Park,
Valley Forge National Park, the
new regional Performing Arts
Center, Philadelphia Museum of Art,
to name a few—make Metropolitan
Philadelphia an increasingly popular
tourist destination as well as a unique
place to live. Its proximity to mountains,
beaches, rivers, and lakes, all within
two hours of the city, make it a hub
for outdoor experiences.



The Philadelphia region, always home to scientific innovation, continues to have a significant “knowledge industry” with the potential for even more

HIGH TECH economic growth.

THE KNOWLEDGE INDUSTRY IS
CRUCIAL TO OUR REGIONAL ECONOMY;

IN 1999, 14 OF THE 24 LARGEST
EMPLOYERS IN THE REGION WERE
RESEARCH-INTENSIVE INSTITUTIONS
OR CORPORATIONS, MOST OF WHICH
WERE IN HEALTH-RELATED FIELDS.



There are 83 institutions of higher learning in the region, including renowned research universities, top-ranked liberal arts colleges, and superb technical schools. Universities in the region attracted \$666 million for research and development in 1998, the 7th highest in the country. Building on our strong heritage of excellence in the life and biological sciences, we continue to have a strong employment base in pharmaceuticals, chemicals, medicine, and health services.

THE region

also has tremendous cultural and recreational amenities that are treasured by city dwellers and suburbanites alike.



The city of Philadelphia has 12.2% of its total area devoted to parkland—a higher percentage than most of the densely developed cities in the nation. In the region as a whole, public parks make up over 11% of total land. The region is filled with streams and rivers and is surrounded by rich farmland and forests. Our natural environment is one of our most precious assets and can give us a tremendous competitive advantage.



OUR NATURAL ENVIRONMENT
IMPROVES OUR QUALITY OF LIFE
AND ATTRACTS MOBILE, PROFESSIONAL
WORKERS IN KNOWLEDGE INDUSTRIES,
WHO CONSIDER NATURAL RESOURCES
AND RECREATION AN IMPORTANT AMENITY
IN CHOOSING WHERE TO LIVE.

THE PHILADELPHIA REGION BEATS MANY
OTHER METROPOLITAN AREAS HANDS-DOWN
WHEN IT COMES TO ITS TREMENDOUS
GEOGRAPHIC, ECONOMIC, NATURAL,
AND CULTURAL ASSETS.

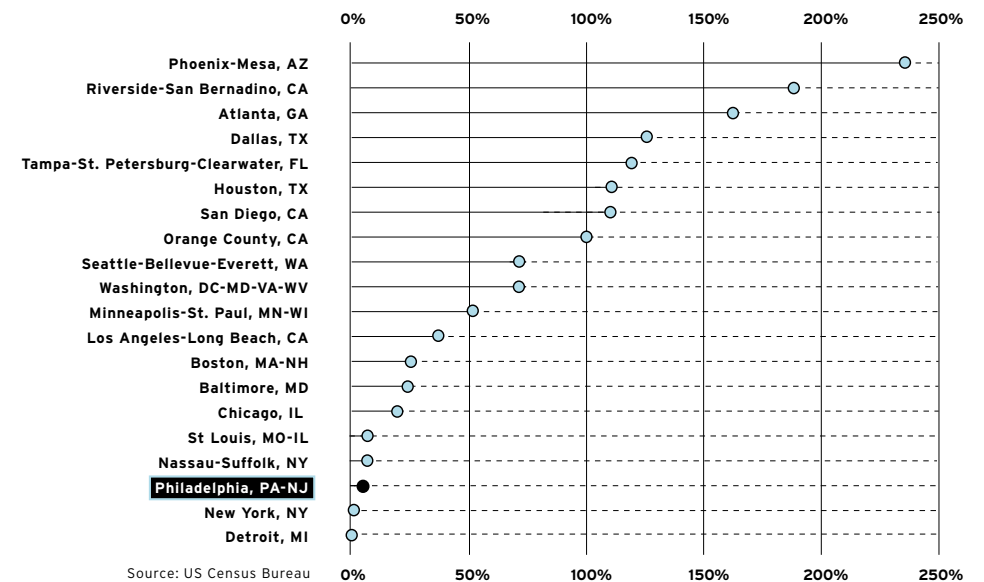
It should be a place of choice for young
people, families, and businesses ➤



BUT IT'S NOT.

OUR REGION HAS EXPERIENCED
MINIMAL POPULATION GROWTH.

◀ POPULATION GROWTH OF 20 LARGEST REGIONS (1970-2000) ▶



During the past 30 years, many metropolitan areas have become powerful magnets for new residents, experiencing extraordinary population growth of as much as 235%. By comparison, the entire Philadelphia region grew by just 6% in that time. And much of this growth was in the past. When we look at the 1990s alone, the region's population grew by only 3.6%. *In the 1990s, we were the slowest growing large metropolitan area in the country after St. Louis. If people vote with their feet, they don't seem to be voting for Metropolitan Philadelphia.*

While some of our suburban counties in Pennsylvania and New Jersey saw tremendous growth in size in the past decade, no part of our region succeeded in attracting newcomers from outside the region in significant numbers.

Instead of gaining population, our region is trading people back and forth among its counties. While some municipalities in Chester, Bucks, and Montgomery Counties—like Thornbury, Perkiomen, Warwick, and Limerick—suffer the side effects of over 100% growth during the 1990s, older suburbs in all four of the suburban counties have seen their populations shrink by as much as 10% to 16% in the past ten years.

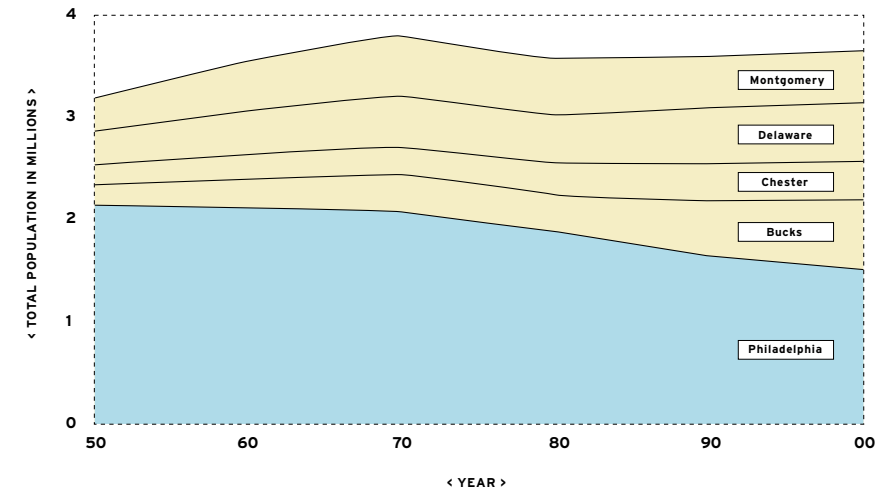
The city of Philadelphia has consistently lost residents since 1950. Between 1950 and 1990, the city lost over 400,000 residents. In the 1990s alone it lost another 68,000 people, or 4.3% of the population, and most of these people headed for another part of the region. Between 1991 and 1998, for example, over 70,000 people migrated from Philadelphia to Montgomery County.

“MANY OF THE REGION’S EMPLOYEES DON’T WANT TO LIVE OR WORK IN THE CITY,

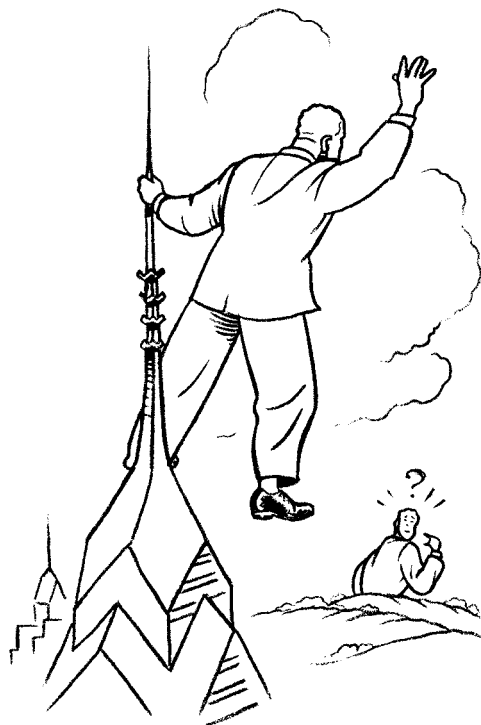
and land and housing are too expensive along the Main Line—people and jobs are forced to move further and further out.”

*Kathleen Gubauch, Managing Director of Human Resources,
Vanguard Group, Inc.*

◀ TOTAL POPULATION OF THE PHILADELPHIA METROPOLITAN AREA (1950-2000) ▶



Source: US Census Bureau and Bureau of Economic Analysis



Let's stop and think for a minute.
What does it matter if the region isn't
really growing, if one part grows
and another part shrinks?

NOBODY LOSES, RIGHT? WRONG.

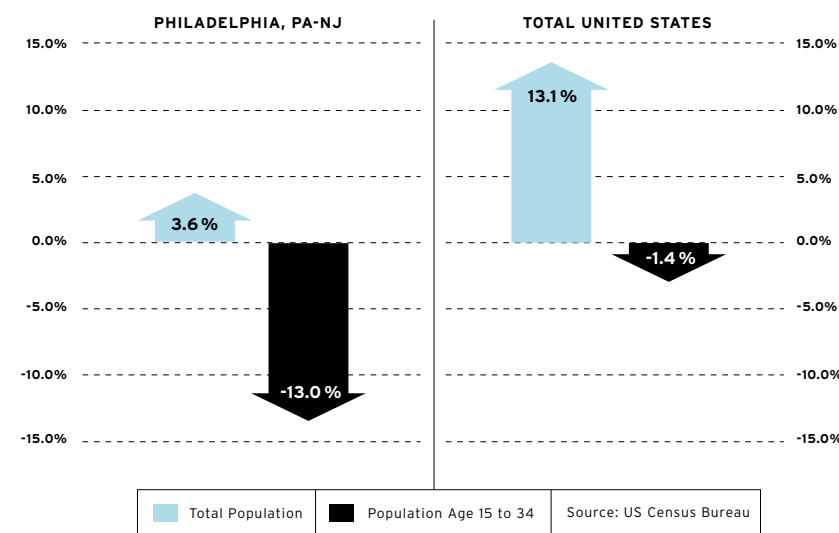
Attracting new residents and new jobs is crucial not only for the Philadelphia region's long-term economic health, but also to the quality of life in our region. When significant numbers of new residents and new firms want to come to a region, they bring new wealth, new buying power, and more employment opportunities. Our land and property values go up, while overall tax burdens go down. Perhaps most important, that kind of growth also gives us the chance to give our children the kind of jobs and lifestyle that will encourage

them to stay, to work, and to raise their own families in the region. In fact, keeping our children in our region has been a major challenge all by itself. Despite the fact that thousands of young people attend our colleges and universities,

**THE NUMBER OF YOUNG PEOPLE IN OUR REGION
SHRUNK 13% DURING THE 1990S, WHILE IT
ONLY DECLINED 1.4% NATIONALLY.**

While our pool of young workers is shrinking, our elderly population is growing. Pennsylvania ranks fourth in the nation in the average age of its citizens, after Florida, Maine, and West Virginia. The combination of a shrinking pool of young workers and a growing number of retirees does not bode well for our region's economic future.

◀ NUMBER OF YOUNG PEOPLE DECLINED NEARLY 9 TIMES FASTER
THAN THE NATIONAL AVERAGE (1990-2000) ▶



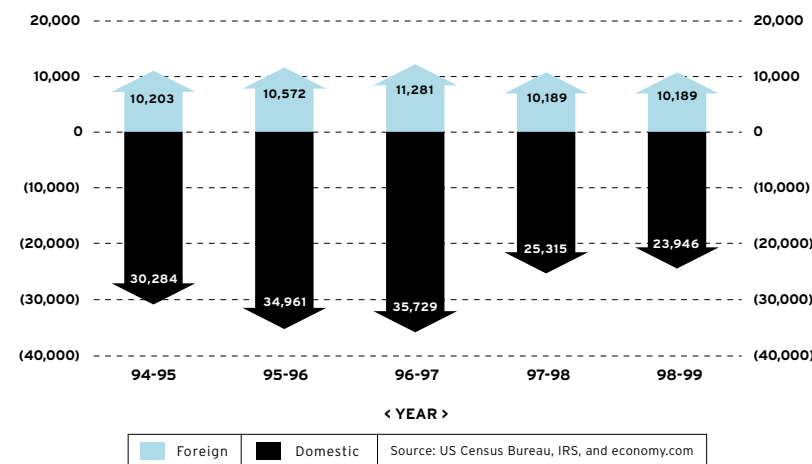
Loss of young people has a serious impact on our region. In an era when entrepreneurship drives economic expansion, young people—prime age for starting a company is 25 to 34—are particularly crucial to bringing new entrepreneurial energy and skills to the labor pool.

The young, mobile professional needs compelling work and an engaging lifestyle to stay in, or move to, a particular metropolitan area. Our region struggles to provide both. After graduation, the students at our region's best colleges and universities leave for other places. While 13% of Harvard Business School graduates take jobs with Boston-area companies each year, a mere 4.4% of Wharton graduates stay in Philadelphia. As one recent Wharton MBA who left the region put it: "I thought Philadelphia was a fun place with good people and a slightly more affordable environment than the rest of its mid-Atlantic neighbors. However, just as there was no outstanding negative, there was no compelling positive either. There was just nothing for me to do there for work."

This region also lags far behind other metropolitan areas in attracting foreign immigrants. While we are the fourth largest metropolitan area in the nation, we rank 19th when it comes to levels of foreign immigration.

Between 1990 and 1997, our region gained about 89,000 foreign immigrants. In contrast, neighboring regions like Washington, D.C. and Boston gained about 220,000 and 137,000 immigrants, respectively—despite the fact that both regions have smaller populations than ours.

« FEW PEOPLE ARE MOVING TO OUR REGION FROM OTHER CITIES OR OTHER NATIONS »
NET DOMESTIC AND FOREIGN MIGRATION FOR PHILADELPHIA PMSA (1994-1999)



Immigrants in our peer cities have reversed years of population decline and have offset the continuing departure of city residents for the suburbs.

Because of new immigrants, cities like New York and Chicago have seen their populations swell during the 1990s to all-time highs. It's clear that high foreign immigration rates have become key to the sustained health and stability of our nation's largest urban centers. Our problem appears to be that we simply don't have enough economic vitality to draw immigrant entrepreneurs in large numbers.



As our population growth has slowed, we have also grown farther apart. Middle class families have left Philadelphia and older suburbs in droves. *When regional population isn't growing, there is a clear relationship between a new home and an abandoned home.* This is made painfully clear in many of Philadelphia's oldest neighborhoods. Here, for miles on end, the fabric of the city has worn clear through, creating a landscape of rubble punctuated by a few houses. One of Philadelphia's greatest assets during its 19th and early 20th century heyday was the abundance of small homes for working people. But the exodus of people and prosperity to the suburbs during the past 50 years left the city with a huge surplus of homes and few resources to maintain them.

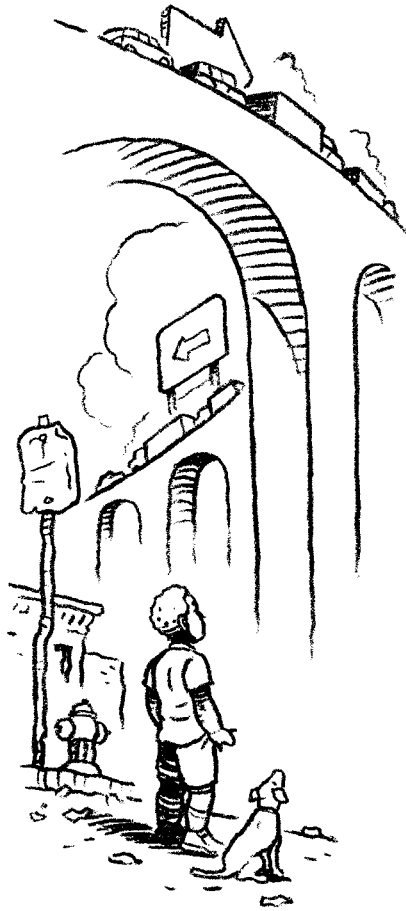
Philadelphia now has 26,000 abandoned homes and 31,000 vacant lots.

Vacancy and abandonment is a fate that has befallen other large urban centers, but things are far worse in our own back yard. A recent *Brookings Institution* survey of 83 cities found that Philadelphia had the highest number of abandoned structures per capita—36.5 abandoned structures per 1000 residents. Abandoned and deteriorating housing is driving more and more people away from the neighborhoods that are already in dire straits. North Philadelphia, whose population shrunk by 8.6% in the 1980s, declined another 14% in the 1990s.

Left unchecked, the deterioration will only accelerate. City neighborhoods that are solid communities today could become unstable and dangerous places. The median year in which the city's current owners moved into their home was 1985. In 1999, almost half of the home-owning households in the city were headed by someone over the age of 53. It has been estimated that 150,000 of Philadelphia's houses will have gone on the market by 2010. If current conditions continue, there will be few eager buyers.

"If I could sell my house, trust me, I would be gone," said one Southwest Philadelphia resident as more of her neighbors died or moved away. "You can't care for a block by yourself. You need everybody."

A recent Metropolitan Philadelphia Policy Center poll found that 1 in 4 Philadelphians would move because of crime if they had the resources.

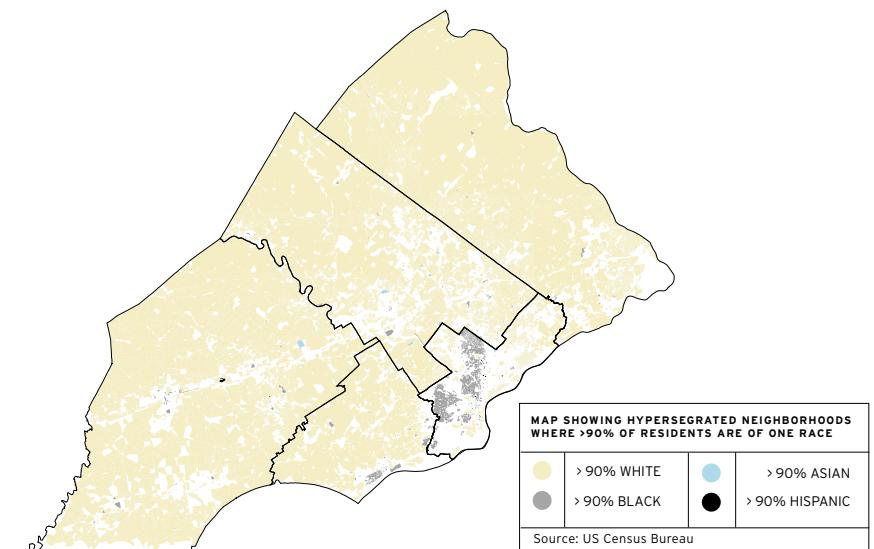


As the middle class has left, the city and surrounding suburbs have become more racially divided. Even though minorities are moving to the suburbs in record numbers, most of the people who have moved from the city and the first-generation suburbs to the high growth suburban communities have been white. Philadelphia and the other core cities of Chester, Camden, and Norristown are home to 77% of the region's minority population.

Neighborhood by neighborhood, town by town, the vast majority of our region's suburbs are over 90% white.

In a region that has always prided itself on tolerance and diversity, the most affluent and growing places are overwhelmingly white, and the less wealthy, shrinking places are increasingly minority.

◀ WE ARE GROWING APART ▶

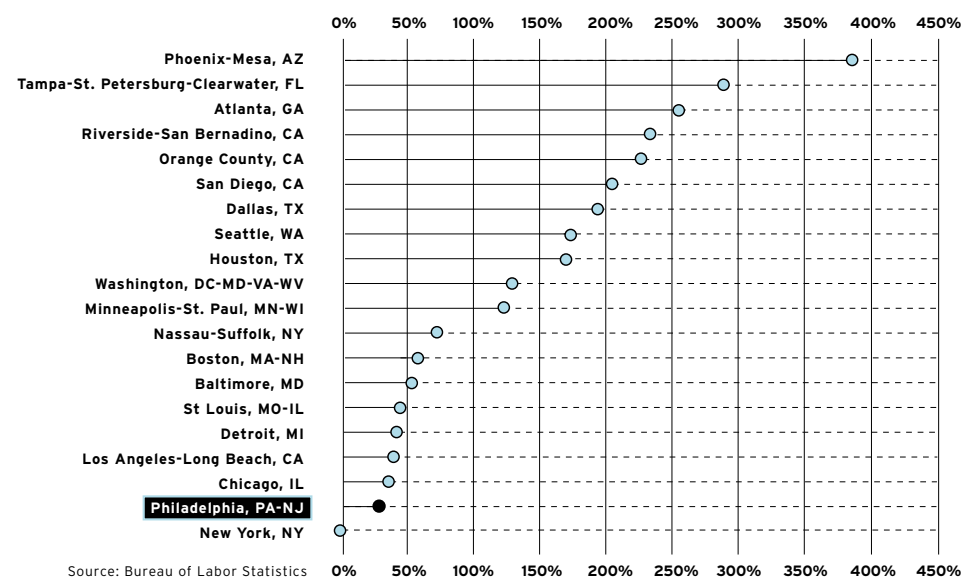


If our population growth has been anemic and uneven, job growth in Metropolitan Philadelphia is only a fraction of what it is in other comparable regions. ➤

EVEN DETROIT HAS OUTPACED THE PHILADELPHIA REGION AS AN ENGINE FOR JOB GROWTH.

◀ OUR REGION TRAILS THE NATION'S LARGEST REGIONS IN JOB GROWTH ▶

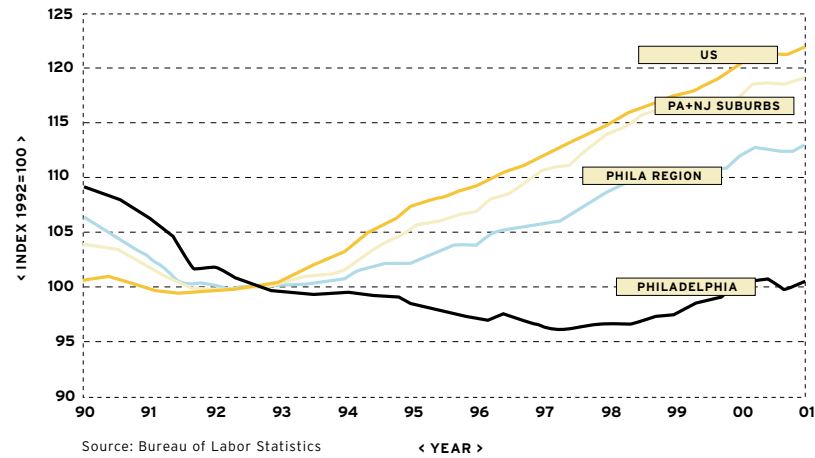
EMPLOYMENT GROWTH OF 20 LARGEST REGIONS (1970 - 2000)



"JOBS ARE NOT THICK ON THE GROUND,
Philadelphia is a funny place in many ways, very inbred.
We're just not the place that industry or people look
to for major employment opportunities."

*Janet Rothenberg Pack, Professor of Business and
Public Policy, University of Pennsylvania*

« SUBURBAN JOB GROWTH LAGS BEHIND THE NATIONAL AVERAGE »



Even without the city, the growth rate of the Southeastern Pennsylvania and New Jersey suburbs is below the U.S. average.

Our region consistently ranks near the bottom of an annual index of entrepreneurial hotspots. In 2000, we ranked 43rd out of the 50 largest regions in the country. Such poor showings in job growth and entrepreneurial activity is not surprising. Strong regional growth goes hand-in-hand with a high level of entrepreneurial activity. New and fast-growing companies are a strong draw for upwardly mobile workers, driving population and employment growth, and creating a positive cycle that creates even more entrepreneurial activity.

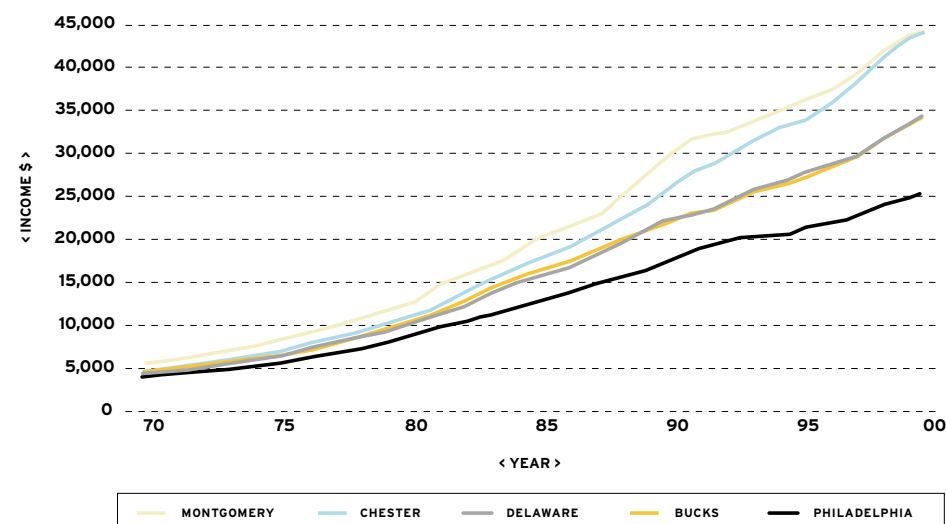


If the region isn't generating a lot of new jobs, it isn't generating strong growth rates in personal income, either. Although per capita personal income grew by over 50% between 1980 and 1990—a rate comparable to those of other regions like Atlanta, Boston, and Seattle—the rate of income growth dropped steeply during the 1990s to just over 10%. In 1999, our region's average per capita income was \$32,627, less than peer metropolitan areas like Chicago (\$34,743), Boston (\$36,285), and Washington, D.C. (\$38,403).

BY AND LARGE, PEOPLE'S INCOME HAS NOT BEEN RISING IN THE PHILADELPHIA AREA AS MUCH AS IT HAS IN MANY OTHER REGIONS. ➤

In addition, the growth in income that we have experienced is unevenly distributed among our residents. While in 1970 per capita income in all five counties were similar, in 2000 our incomes diverge markedly.

◀ INCOME DISPARITIES ARE GROWING WITHIN THE REGION ▶
PER CAPITA PERSONAL INCOME (1970-2000)



Source: Bureau of Economic Analysis

Our lower rates of income growth here are not eased by the fact that we have a low cost of living, either. In 1999, our region ranked just 28th among the 50 largest regions in the country on an “Income Opportunity Index”—which measures overall prosperity from region to region. While we often point to our low cost of living as an asset, it actually is a symptom of our lack of economic competitiveness.

TO A GREAT EXTENT, OUR HOMES AND RENTS ARE AFFORDABLE BECAUSE PEOPLE DON'T SEEM TO WANT TO BE HERE.

They're choosing other, more expensive metropolitan areas in the Northeast, the Southwest, and elsewhere, over our more affordable one. A house is traditionally a family's largest single purchase and their best opportunity for accumulating wealth—wealth that can be used for retirement, to start a business, or to send kids to college.

The fact that houses are cheaper in our region is an asset, but it's also a telling sign of our slow economic growth. While some areas of the city and suburbs have jumped in value, the region as a whole has lagged. From 1995 to 1998, as the U.S. economy soared, the median value of a home in the Philadelphia five-county region grew by 9%, compared to a national average of 14%. And even this minimal appreciation did not occur in half of the region's census tracts.

The story gets worse over the long term. During the past 25 years, housing in our region has not appreciated at nearly the rate it has elsewhere. If you paid \$50,000 for a home in Boston in 1975, by the year 2000 it would have been worth a whopping \$322,490. In the Philadelphia region, the same \$50,000 home would be worth \$206,800.



This means that if in 1975 you had bought a house in Boston instead of Philadelphia, and sold it in 2000, you would have made enough additional money through the appreciation of your house to pay for 4 years of college at the University of Pennsylvania.

TRENDS

While regional housing values didn't keep pace with national trends, 25 census tracts in the region did actually appreciate in excess of 50% over the last 5 years. 17 of these 25 tracts represent Philadelphia neighborhoods such as Juniata Park, Fairmount/Spring Garden, Queens Village, Germantown, Roxborough, and Center City. Other neighborhoods were in Pottstown, Newtown Township, Elk Township, Langhorne, and Coatesville.

One big reason our region isn't growing the way it could is that the city of Philadelphia—despite its tremendous gains of the past decade—is still not a competitive location for businesses, nor is it a place of choice for middle-class families. Philadelphia's problems continue to drive people and businesses away. Taxes are too high, city government too costly, schools too poor, and regulation, red tape, and politics too onerous.

The city's weakness hurts the rest of the region. Why? Because the city remains a vital component of the region's economy, and continues to serve as the social and cultural hub of the region.

As an economist at the Federal Reserve Bank of Philadelphia recently observed: "Slow growth is an issue for Greater Philadelphia, not just the city. Generally, suburban incomes and real estate values grow along with those of central cities." The city's severe population losses and unusually slow rates of job growth manifest themselves in slow regional growth rates, income stagnation, and static real estate values. People and businesses that might otherwise stay in or move to our region see these trends and instead chose other, more economically competitive metropolitan areas.

What contributes to the city's economic weakness? People often cite the usual suspects: poor schools, high crime, high taxes. The last is undoubtedly true.

From 1993 to 1998, Philadelphia topped the list of the 10 cities with the highest total combined federal, state, and local business taxes.

When we compare Philadelphia's tax burden with those of the nation's 20 largest cities, firms in the city pay \$1.16 for every dollar paid in other cities based on the median tax burdens.



Households pay an astounding \$1.49 for every dollar in other cities. The disparities are even greater within the region. Firms in Philadelphia pay \$1.29 in taxes for every dollar spent in the median suburban community. Philadelphia households have it even worse, paying \$1.60 for every suburban dollar. With tax burdens like these, it's no surprise that, since 1982, 86% of the Inc. 500 companies located in the region are in the suburbs rather than in the city of Philadelphia.

"The state gave Philadelphia the power to tax the daylights out of itself and
NOW THE LIGHTS ARE GOING OUT."

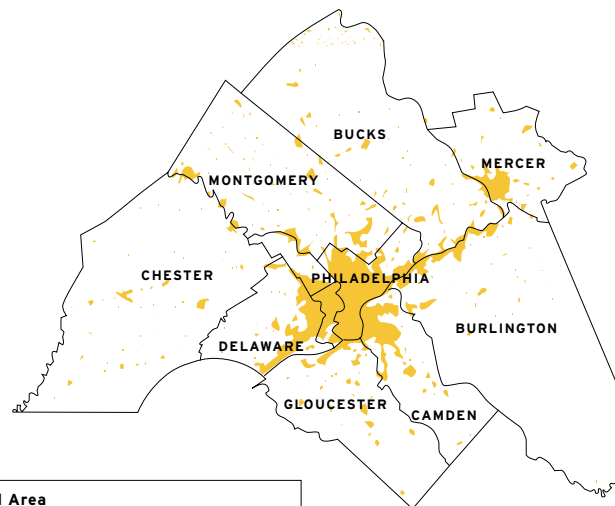
*Hon. Myron Orfield, Minnesota State Senator
and expert on metropolitan growth patterns*

As people have spread out across the Philadelphia region, erecting housing subdivisions and office parks, our consumption of land has ballooned far out of proportion to our growth in population.

DOES IT MAKE SENSE TO DEVELOP SO MUCH LAND IN A REGION WHOSE POPULATION IS BARELY GROWING?

◀ DEVELOPMENT PATTERNS: 1930 ▶

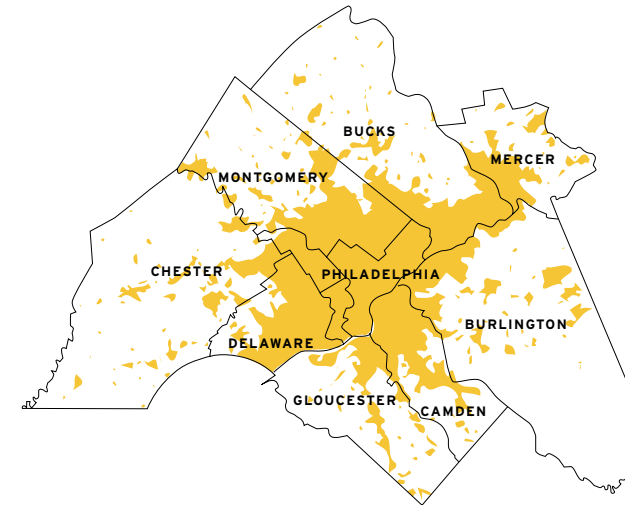
CONCENTRATED DEVELOPMENT



■ Developed Area
Source: Delaware Valley Regional Planning Commission

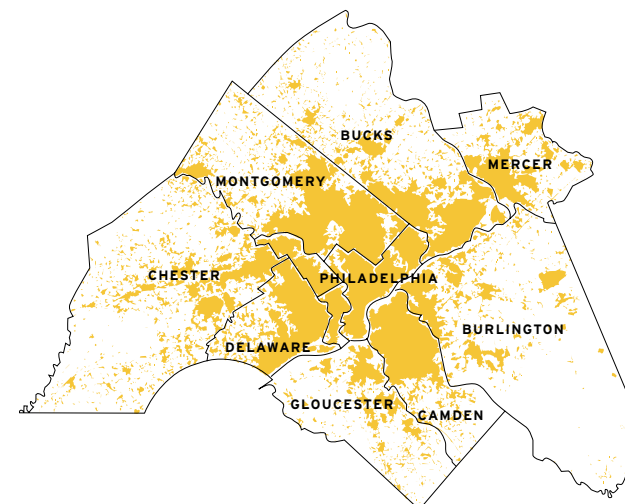
◀ DEVELOPMENT PATTERNS: 1970 ▶

SPREADING FROM THE CORE



◀ DEVELOPMENT PATTERNS: 1990 ▶

SPRAWL

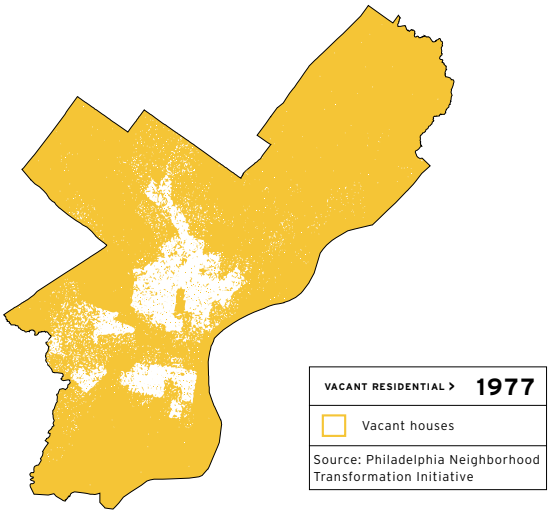


“PHILADELPHIA IS THE KEY TO THE REGION’S PROSPERITY.
Some people in the suburbs don’t want to believe that, but it is true.”

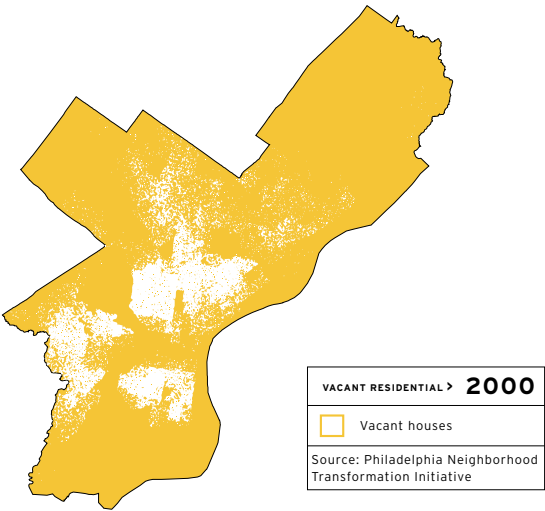
Rick Santorum, United States Senator

Sprawling development patterns are
even more troubling when you put the
regional picture together with the
Philadelphia picture.

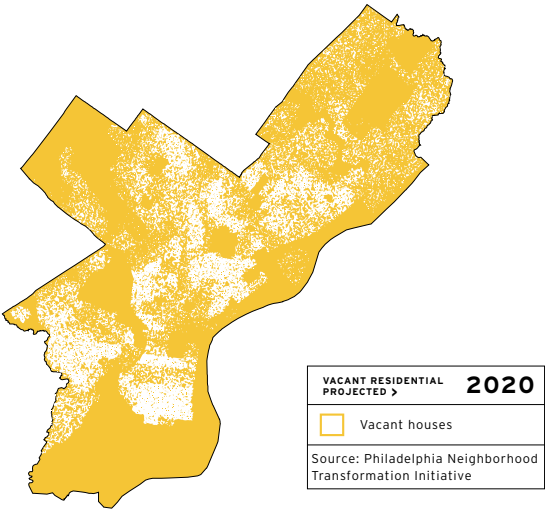
◀ VACANT HOUSES IN THE CITY OF PHILADELPHIA ▶



◀ VACANT HOUSES IN THE CITY OF PHILADELPHIA ▶



◀ VACANT HOUSES IN THE CITY OF PHILADELPHIA
IF TRENDS CONTINUE ▶



People have chosen to leave communities with existing infrastructure and expand or establish new communities without the infrastructure—schools, roads, water systems—to support them. As they move, and others have followed, the qualities that first attracted them—a quiet, charming, rural community and a short commute to work—have given way to a reality of endless subdivisions growing at a staggering pace overloading existing roads so that it may take an hour to go down a road eight miles.

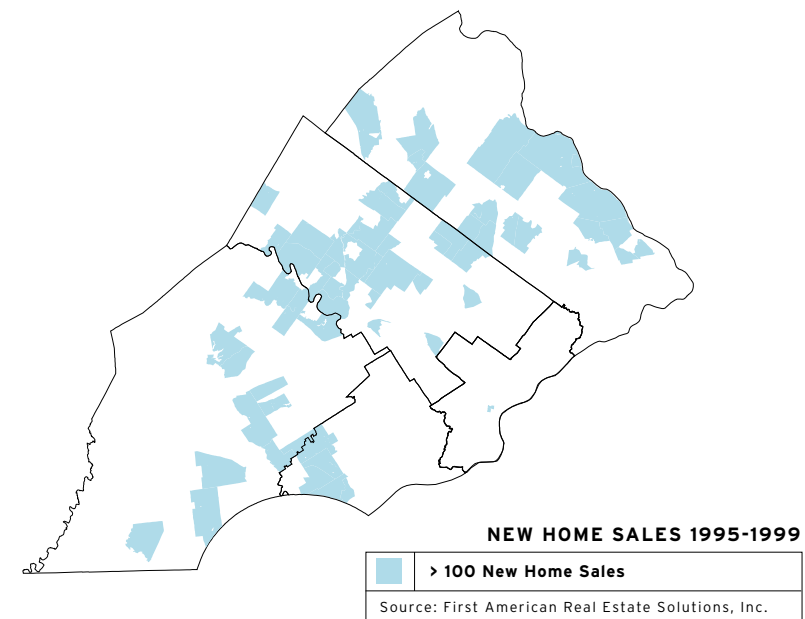
Similarly, as people keep pouring in, necessities like water, sewer and schools are often not adequate to meet demand. Then low property taxes begin to climb at an alarming rate to accommodate the constant demand growth creates. But as a focus group participant from Doylestown says, “New residents come in and want to close the door so no other people can get in and ruin what they’ve got. We can’t close the door though, because our children need somewhere to live.”

Today, families who want to live in newly constructed houses usually have little choice but to move to the outer suburbs of our metropolitan area.

Very few new homes are being built in our established cities and towns. Only 14% of new home sales occurred in Philadelphia and Delaware Counties between 1995 and 1999, even though about 54% of our region’s population lives there. We are caught in a self-perpetuating cycle: housing developers build in the outer suburbs because it’s easiest and most profitable to build out there. While they may want to, developers are not building new homes in older communities or in Philadelphia because higher costs of labor and land

and a cumbersome political process in those areas make building new units much more difficult. When developers do build sensibly-priced, suburban-style housing tracts in or near the city—like a recent development in Philadelphia’s Roxborough neighborhood—they have sold out quickly, attesting to the demand for new housing in older areas.

◀ PEOPLE WHO WANT A NEW HOME HAVE LITTLE CHOICE BUT TO MOVE TO THE EXURBS ▶



TRENDS ▶

New home sales were highest in Limerick, Buckingham, Plumstead, Montgomery, and Schuylkill townships.



Our businesses also sprawl across our suburban and rural landscape.

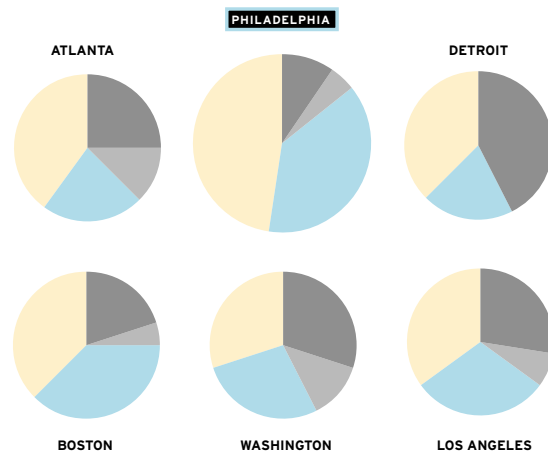
In most major metropolitan areas, jobs have moved to and grown most rapidly in the suburbs, where they usually cluster in major suburban job centers whose densities approach those of traditional urban downtowns—what some have called edge cities. These centers are not simply office parks. They are actual cities or towns that concentrate employers, people, amenities, and transportation systems in ways that strengthen economic growth for the entire region. They are the hotspots of the new economy, places like Bethesda, Maryland; Waltham, Massachusetts; and Palo Alto, California. These concentrated commercial areas offer many opportunities to literally run into and develop potential partners, clients, and customers. They make it easier for employers to attract workers, and for workers to get to jobs.

Despite some concentration of jobs in King of Prussia, Conshohocken, and along the Route 202 corridor, the Philadelphia region has not developed highly concentrated commercial centers or edge cities. We are much more of an “edgeless” region. Buildings in the suburbs now account for 85% of all office space in the Philadelphia region this side of the Delaware River, yet our businesses are scattered. In the city we have 35,500,000 square feet concentrated in 70 buildings. By contrast, in the suburbs we have almost 41,000,000 square feet broken up into 632 office buildings.

Rather than a few major office concentrations in the suburbs, ours is a landscape of very low-density commercial activity.

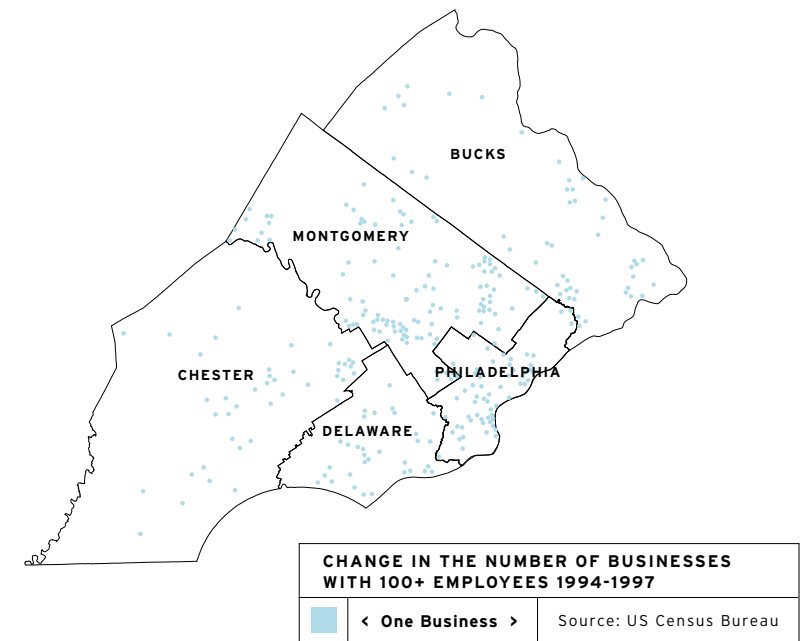
Despite the many towns in our region, both old and new, office space rarely clusters in and around them. Rather than creating major suburban employment centers, through a lack of planning and financial incentives, and because of our fragmented local governmental authority, we have encouraged businesses to scatter throughout the region—looking more like popcorn exploding from a pan than anything that indicates careful planning.

◀ WE HAVE NOT DEVELOPED SUBURBAN EDGE CITIES ▶
TOWNS WHERE PEOPLE LIVE AND WORK



● Office Space in Edge Cities	● Core Downtown Office Space
● Secondary Downtown Office Space	● Office Space in Edgeless Location
Source: The Brookings Institution Report Office Sprawl: The Evolving Geography of Business	

◀ BUSINESSES ARE SCATTERED ACROSS THE REGION RATHER THAN FORMING CONCENTRATED COMMERCIAL CENTERS ▶



"THE SINGLE MOST IMPORTANT COMPONENT OF ECONOMIC SUCCESS,

either for a business or for a worker, is access to networks of all kinds: job networks, money networks, idea networks, and networks of vendors and services. And the only sure way to operate successfully in the network economy is to be physically located in what might be called a 'network metropolis'—a region where all these networks are located in close enough proximity that they can remain lively and active without a heavy investment in travel or long-distance telecommunications."

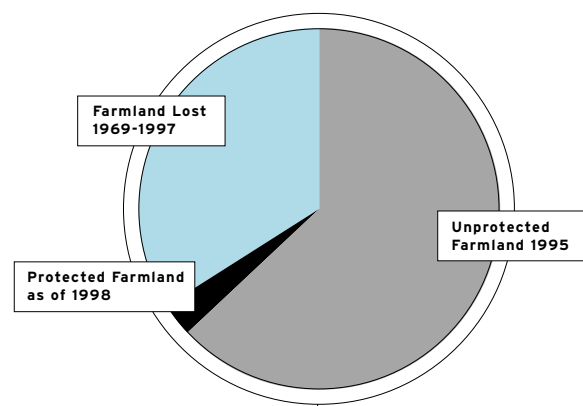
*Peter Calthorpe and William Fulton,
The Regional City: Planning for the End of Sprawl*

As we've built new homes and new office parks, we've lost some of the richest farmland in the nation.

Since 1969, Southeastern Pennsylvania has lost 34% of its agricultural land. During the same time period, the state as a whole lost 19%. This loss is particularly striking in Chester, Montgomery, and Bucks counties, which have respectively lost 26%, 48%, and 36% of their farmland to development in the past 30 years.

Local communities—with help from state and county open space programs, and an active private land trust community—struggle to preserve what's left. During the 1990s, a record amount of land in our region—over 63,000 acres—was protected from development. Voters in two dozen municipalities have approved tax increases in order to fund the purchase and preservation of open space. In Upper Makefield, Bucks County, voters approved \$15 million, the highest dollar amount in our region dedicated to open space preservation.

◀ WE ARE BUILDING HOMES AND BUSINESSES
OVER RICH, PRODUCTIVE FARMLAND ▶



Source: Center for Rural Pennsylvania from US Agriculture Census, DVRPC

Despite these significant increases in land conservation and widespread public support of such measures, as of 1998 only about 4% of our region's farmland was protected from future suburban development.

As local organizations like the GreenSpace Alliance and the Delaware Valley Regional Planning Commission have argued, the region's ecological health depends on a significant amount of open, undeveloped green space throughout the area that is linked by waterways and greenbelts. Even though many communities want to save their farms and forests, our sprawling patterns of development are making this very difficult.

While the pollution of earlier decades was often the result of high levels of heavy industrial activity, the environmental issues we face today are partly the result of sprawl.

Our metropolitan area's watersheds show the most serious water problems in the five-state mid-Atlantic region. Of the 6,450 miles of streams and rivers in our region, 13% of these waterways are classified as polluted, including the Schuylkill, Neshaminy, Perkiomen, and the Brandywine. Development is the leading cause of this pollution. Replacing fields and forests with houses and asphalt reduces the ability of the ground to absorb rainwater and for streams to maintain their proper life cycle. Sprawl-related impacts like runoff from pavement and asphalt account for 40% of all stream pollution in Southeastern Pennsylvania. *We are a region that cares deeply about our environmental resources and our natural heritage. But we are losing the farms, forests, and vistas that make Southeastern Pennsylvania a beautiful and unique place.*



THE WAY we are growing is a result of

POLICY

AND SOCIAL CHOICES.

OVER THE PAST 60 YEARS, THESE CHOICES HAVE LEFT US WORSE OFF THAN OTHER LARGE METROPOLITAN AREAS.

In many regards, the Philadelphia region has entered the 21st century worse off than other regions of comparable size and history. Our problems are not simply due to the nature of our economy, or the choices that individuals have made over time, but also because of a *series of policy choices* made in Harrisburg, in Philadelphia, in Washington, and in our communities over the course of the past three centuries.

Many of our challenges go back a long way. Pennsylvania has an extremely fragmented system of local government, a legacy of the original commonwealth charter awarded in 1681 to William Penn, which authorized him to divide the colony into multiple "Townes, Hundreds, and Counties."

Today, as a result of that original choice, Pennsylvania has over 6,000 bodies that make some piece of land use decisions, ranging from counties, cities, boroughs, and townships to planning commissions, water and sewer authorities, and school districts.

The Philadelphia region has 22 governments per 100 square miles, which makes us the third most fragmented region in the country. In the five-county Philadelphia region alone, there are 238 separate municipalities.

The tradition of strong local government has brought public agencies and officials closer to the people they serve, but it has created political boundaries that can be completely irrelevant to the way we live our daily lives. After all, you probably live in one municipality, work in another, shop in another, and drive through several to get to each place. You are affected daily by how well each municipality maintains its roads, times its traffic signals, or zones for new developments. Also, with so many small governments that must each provide core services for their residents, competition for new residential or commercial development to support their tax base is fierce. Our system of fragmented local government is one important cog in our sprawl machine.

State land use laws compound the problems created by fragmented local government. Pennsylvania state law and court decisions have put municipalities in the difficult position of having to plan and zone for all uses—residential, industrial, commercial, and institutional—and supply adequate infrastructure for anticipated growth.

This means that municipalities, with the exception of those that choose to plan jointly with neighboring municipalities, are forced to zone for all types of uses; this creates the small pockets of office buildings scattered across counties rather than concentrated job centers. It means every town, regardless

of size, must allow the development of a mall, a quarry, and every other use. Alternatively—and about one-third of Pennsylvania towns have made this choice—municipalities avoid these requirements and choose not to plan or zone at all, thereby giving up any control over development.

Many other policy choices have helped push people and jobs from the city and older suburbs and pull them into the outer suburbs. In 1932 the Pennsylvania legislature passed the Sterling Act granting Philadelphia extraordinary powers of taxation that no other municipality in the state has today. Over the years, city lawmakers exercised those powers at will, levying a wage tax in 1939 that now accounts for about 60% of the city's local revenues. More than sixty years later, the city is left with absurdly high tax burdens and a wage-based tax structure out of step with today's society and economy.

In a series of legislative and judicial decisions over time, schools and local governments in Pennsylvania—except in Philadelphia—have come to rely heavily on property taxes to pay for services. Local governments and school districts compete, then, for property tax base. As they compete to develop land, they add to other push/pull effects that produce the patterns of development we now live with.

Make no mistake about it—sprawl is the product of public choices, as well as choices we have all made for ourselves.

State and local government practices and policies have had a huge effect on our patterns of growth, and they continue to make it extremely difficult to grow any other way.



SPRAWLING, INSTEAD OF GROWING, HURTS PEOPLE LIVING IN THE REGION.

We are spreading out, not getting stronger. So what? Who's being hurt? In fact, this kind of growth hurts many people and families who live in our region, and it hurts our future.

MANY OF THE PEOPLE REMAINING IN PHILADELPHIA'S DETERIORATING NEIGHBORHOODS ARE IN DESPERATE SHAPE. THEY HAVE FEW CHOICES AND LITTLE HOPE.

Because so many middle-class people have left for our newer suburbs, Philadelphia and the region's other cities and boroughs, most notably Chester and Camden, have a disproportionately large number of poor people. The extent of this concentration of poverty is staggering.

Today, 62% of Philadelphia's population lives in neighborhoods deemed "most blighted" (because of large numbers of vacant homes). And, 72% of the city's children aged 5 and younger live in these severely blighted neighborhoods. This horrifying statistic is one consequence of the way we as a region have chosen to grow. It's a compelling reason to find a way of supporting our new communities without discarding our old neighborhoods.

(After eight years and nearly one billion dollars)
"DESPITE ALL OF OUR ACCOMPLISHMENTS,
 the fact remains that we haven't succeeded in reversing economic disadvantages and dramatically improving economic conditions in a single one of the communities where we've been active during these years,"

John Kromer, former Director of the Office of Housing and Community Development for the City of Philadelphia

PEOPLE AND FAMILIES LIVING IN SOME OF OUR OLDER SUBURBS ARE SEEING THEIR TOWNS AND NEIGHBORHOODS DECLINE AROUND THEM.

One of the great assets of our region is our older suburbs—places like Wayne, West Chester, Swarthmore, and Ambler. Each of these has a long and proud history, quite independent from the city of Philadelphia and the rest of the region. Some of these—Chester, Bristol, Norristown, and others—were among the few communities recognized as suburbs in the first national census of 1792. However, their proud history and community spirit have not been able to withstand the effects of our half-century of stagnant economic growth and suburban sprawl. *Because jobs, new housing, and new infrastructure are located elsewhere, middle-class families are moving out of these places.*

"First thing you do is move out of the city. Then, after a while, you move again. And then again. Until you realize that

YOU CAN'T GO FAR ENOUGH."

Frank Lloyd Wright, 1947

Their declines are made even more distressing when we compare them to the incredible rates of growth in outer suburban municipalities. In fact, a number of older suburbs are now in similar situations to Philadelphia.

« MANY OF OUR TRADITIONAL COMMUNITIES ARE LOSING POPULATION » POPULATION LOSSES OF OLDER SUBURBS (1990-2000)

TOWN	COUNTY	% CHANGE IN POP.	% CHANGE IN WHITE POP.
Chester Township	Delaware	-15%	-57%
Tullytown	Bucks	-13%	-11%
North Wales	Montgomery	-12%	-13%
Upland	Delaware	-11%	-25%
Penndel	Bucks	-10%	-10%
Newtown Borough	Bucks	-10%	-11%
Marcus Hook	Delaware	-9%	-12%
Source: US Census Bureau			

As people and jobs leave, these communities struggle to pay for schools and other important services. In the 1970s, the Commonwealth of Pennsylvania spent an average of 52 cents of every dollar spent by local school districts on their schools. Today, the state contributes only 38.5 cents of every dollar of local school spending. Local school districts have had to stretch to make up the difference. Other states help fund local districts much more than we do. According to the U.S. Department of Education, states contribute an average of 48.5 cents of every dollar of local school spending. In a 2001 report on the spending gap between high- and low-poverty districts, the Education Trust in Washington found that *only four states have education funding more unequal than Pennsylvania.*

◀ **POVERTY IN THE SUBURBS IS CONCENTRATED IN OUR OLDER, TRADITIONAL COMMUNITIES** ▶

TOP 10 SUBURBAN SCHOOL DISTRICTS WITH STUDENTS ELIGIBLE FOR FREE OR REDUCED PRICE LUNCH (2000)

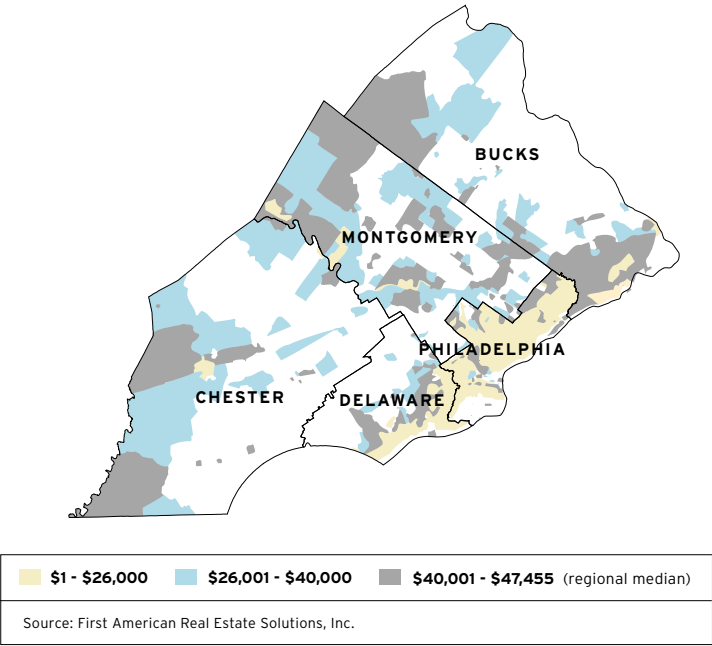
SCHOOL DISTRICT	COUNTY	% RECEIVING FREE OR REDUCED PRICE LUNCH
Chester-Upland	Delaware	66%
Norristown Area	Montgomery	53%
Southeast Delco	Delaware	47%
Pottstown	Montgomery	45%
William Penn	Delaware	42%
Bristol Township	Bucks	32%
Coatesville Area	Chester	29%
Upper Darby	Delaware	25%
Bensalem Township	Bucks	22%
Source: Pennsylvania Department of Education		

Wealthy districts in the Philadelphia region have kept up with increased spending by increasing local property taxes and competing amongst themselves to attract revenue-boosting commercial development. Today, districts such as Radnor or Lower Merion or Tredyffrin-Eastown can spend as much as \$3,000 to \$6,000 more per child than Upper Darby, Coatesville, or Philadelphia can.

As people and jobs have left these communities for the outer suburbs, it has also become more and more difficult for people in those “first” suburbs to get to where the jobs are.

◀ **HOUSING AFFORDABLE FOR FAMILIES MAKING LESS THAN \$40,000** ▶

IS AVAILABLE IN PHILADELPHIA AND DELAWARE COUNTIES ALONG THE RIVER AND IN OUR OLDER SUBURBS



“PEOPLE ARE HAVING A HARD TIME GETTING TO THEIR JOBS.

You can’t expect an entry-level person to travel an hour and a half to get to work everyday. People need to live close to their work.”

Kathleen Gubauch, Managing Director of Human Resources, Vanguard Group, Inc.

Access to opportunity for our working families is reduced as jobs move far from affordable housing. While more and more of our region's jobs are located in outer suburban areas, housing for low- and middle-income families is concentrated along the Delaware River, primarily in the city of Philadelphia, and in and around older communities like Coatesville, Norristown, Tullytown, and Chester Township.

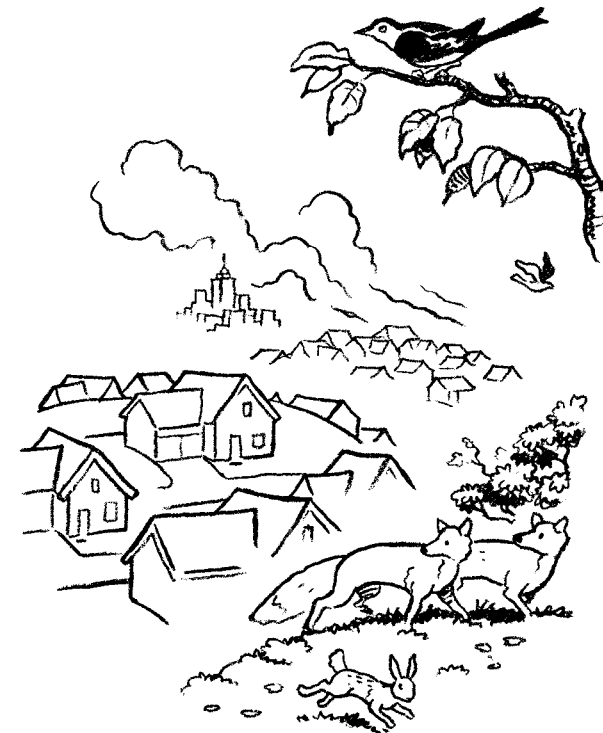
The long distance between affordable housing and good jobs can be a huge obstacle for low-income workers without cars. With only 0.30 cars per capita, the city of Philadelphia has the second-lowest rate of car ownership in the nation and has a rate half that of the region's suburbs.

The only parts of the region where job opportunities are growing—the outer suburbs—are, more often than not, inaccessible by public transit.

Despite the fact that our region has a well-developed rail and bus system, unplanned sprawl has pushed our region's boundaries far beyond the reach of existing routes. Even where suburban jobs are within the reach of public transit, reverse-commute routes from city to suburb, or older suburb to newer suburb, are limited.

PEOPLE WHO MOVED OUT TO NEWER SUBURBS ARE WATCHING THEIR COMMUNITIES BE TRANSFORMED BY TRAFFIC CONGESTION AND OUT-OF-CONTROL DEVELOPMENT. THEY'RE LOSING THE QUALITY OF LIFE THAT ATTRACTED THEM IN THE FIRST PLACE.

The lush farmlands and historic small towns of outer Chester, Delaware, Montgomery, and Bucks counties are another of our region's great assets. The thousands of people who have moved there during the past several decades were not only attracted by good schools, homes, and jobs, but also because of the area's great natural beauty and community heritage.





Yet as sprawl marches onward and outward, the rural peace and quiet that attracted people in the first place is now increasingly hard to come by. All of the municipalities with more than 100 new home sales between 1995 and 1999 were in the wide crescent across the middle of Bucks, Montgomery, and Chester counties and into the outer half of Delaware County. These formerly rural communities are trading their character, their natural beauty, and their open space for miles of housing developments, corporate office parks, and strip malls. And it all seems to be happening too fast.

"After we moved in, there was hardly anything going on.

AND THEN, BAM! THERE WERE DEVELOPMENTS GOING UP ALL OVER THE PLACE.

I'm concerned that it's going to get really congested, and I don't want that to happen. I don't want the township to lose what it has, that country type of atmosphere."

Man who moved his family to Bethel Township

Traffic congestion and new development are closely related to one another. During the past 20 years, for example, Montgomery County has seen its traffic congestion double. Since 1995, approximately 2,200 acres of land have been developed every year—an area about as large as Norristown Borough. In response to a Metropolitan Philadelphia Policy Center survey, 36% of Chester County residents, 29% of Bucks County, and 27% of Montgomery County residents ranked increasing traffic and sprawl as their top concerns about the quality of life our region offers. Nearly 90% of suburban leaders responding to a Pennsylvania Economy League survey felt that traffic congestion had become worse or much worse in the past five years—a period when the region's population grew very little.

People's perceptions are in tune with the facts. In 1982, we spent an average of 8 hours per year delayed in traffic.

By 1999, our average time stuck in traffic was 26 hours per year resulting in a total of 117,105,000 total hours lost to delay.

Congestion cost the region almost \$2 billion in lost work time, higher gas, and other costs in 1999. These delays and these costs seem doubly frustrating because they're almost entirely due to the way in which we've grown, not any real growth in population, jobs, or wealth.

"Our roads were never meant to handle that much traffic, and the state and the township really haven't done a lot to improve the roads, **WE JUST HAVEN'T BEEN ABLE TO KEEP UP WITH THE DEVELOPMENT.**"

Richard Hamalak, Chairman of the Bethel Township Board of Supervisors

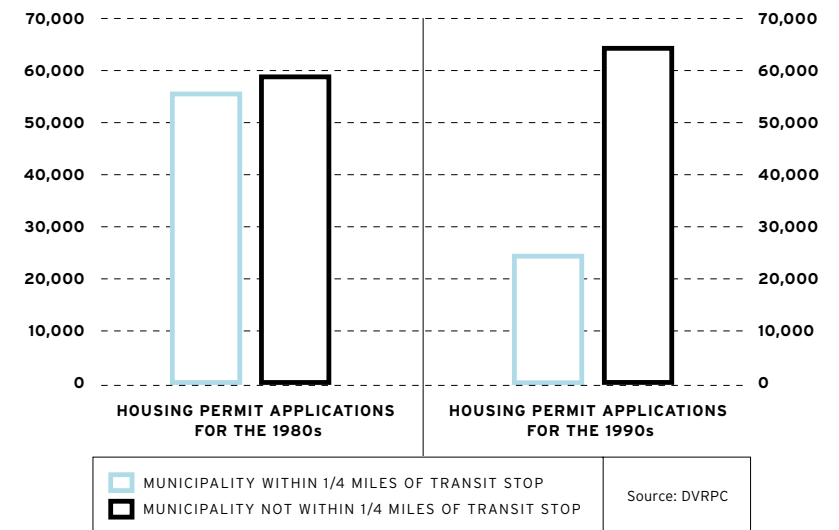
Does it make sense for us to sit in traffic in the outer suburbs when we have such a well-developed regional transit system? Those people who live near rail or bus transit lines appear to be answering "no." Use of the SEPTA regional rail and suburban bus systems was up during the past decade. Between 1996 and 1999 alone, use of SEPTA's suburban division grew by 6.9% and its regional rail lines by 15.1%. Transit ridership in the Philadelphia region is growing faster than the national average, increasing nearly 5% in the year 2000.

But our building patterns are not helping people choose public transit.

In the 1990s, there were nearly twice as many housing construction permit applications for locations deemed "transit inaccessible," that is, more than 1/4 mile from a transit stop. This is an increase from the already high levels of the 1980s, when just over half of all housing permit applications were more than 1/4 mile from public transit.

WE ARE BUILDING HOUSES FARTHER FROM PUBLIC TRANSPORTATION

HOUSING PERMIT APPLICATIONS FOR MUNICIPALITIES WITH AND WITHOUT RAIL TRANSIT STOPS (1980-1990)





AS TAXPAYERS AND HOMEOWNERS, EVERY ONE OF US PAYS A PRICE FOR SPRAWL OUT OF OUR POCKETS.

Since 1970, per capita local government expenditures in our five-county region have more than doubled. This huge increase—again, at a time of minimal population growth—may be explained by the way we have sprawled. As we spread out, municipalities have to spend much more on infrastructure like roads, water systems, and sewers, and on the construction of new schools. Although Philadelphia’s government has ballooned out of proportion to the actual number of people it currently serves, increased government spending in our region is not just a city problem.

SPENDING ➤

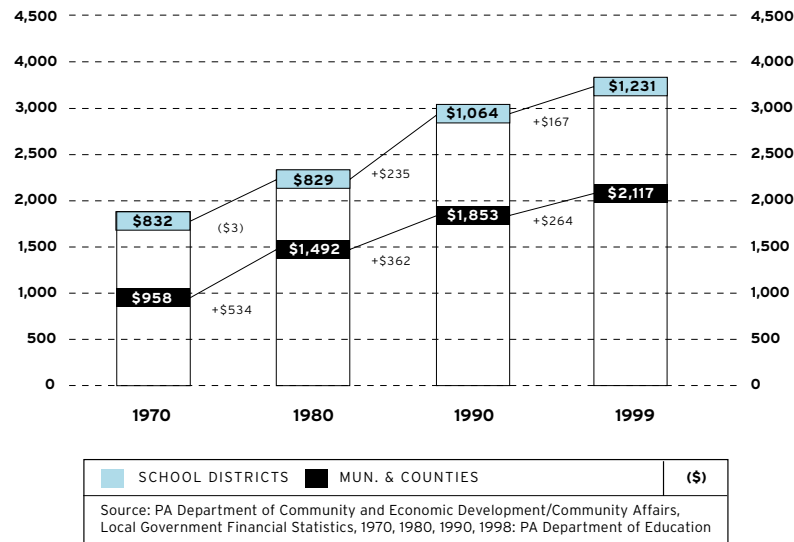
In 1955, Philadelphia had 2.07 million residents, and there were 24,560 workers on the city’s payroll. Nearly a half-century later, Philadelphia’s population has shrunk by 650,000 people, but its public payroll has defied that trend. While the city is 31% smaller, the municipal workforce has actually edged up—to 24,754.

When we take Philadelphia out of the equation we find that, after adjusting for inflation, municipal expenditures for the four suburban counties alone have tripled in the past 30 years.

“BECAUSE OF THE WAY WE’RE GROWING, utilities and local governments have to spend more money to serve the same number of customers. This doesn’t make economic sense for us or for local taxpayers.”

Kenneth G. Lawrence, President, PECO Energy

« PER CAPITA LOCAL GOVERNMENT AND SCHOOL DISTRICT EXPENDITURES »
FOR 5 COUNTIES, ADJUSTED FOR INFLATION



Sprawl costs taxpayers more money everywhere it happens. National surveys have estimated that sprawl development raises infrastructure costs from 10% to 20%. Well-planned, compact types of growth consume 45% less land and cost 25% less for roads, 20% for utilities, and 5% less for schools. The Philadelphia region is particularly hard-hit because of the incredible fragmentation of local government here and the lack of planning and coordination between municipalities.

“COUNTY PLANS ARE BASICALLY WORTHLESS.

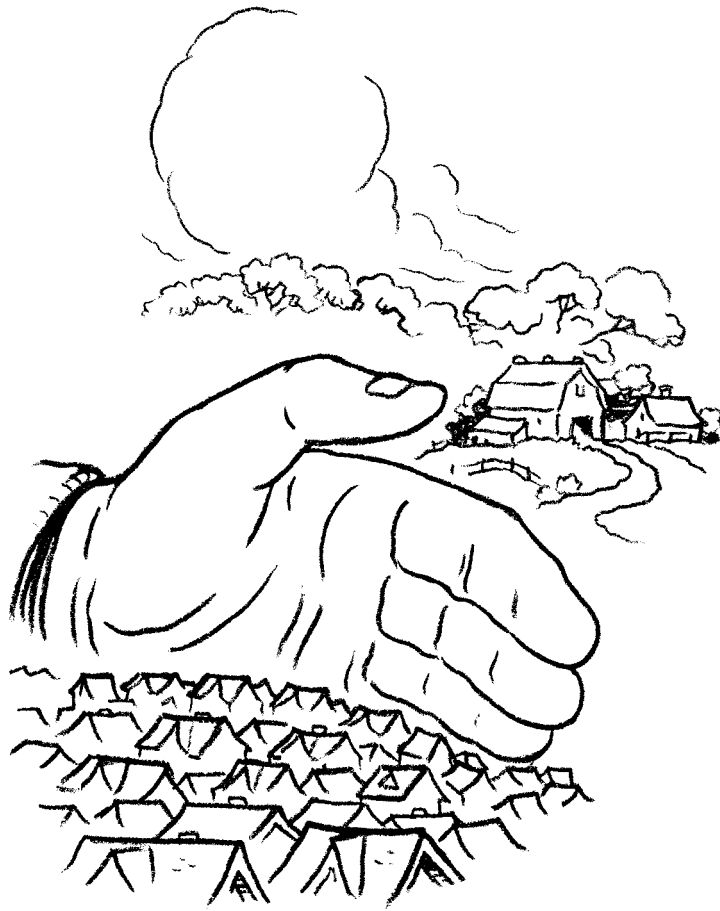
Municipalities control what does and does not happen when it comes to development. Counties have no power over their municipalities.”

Andrew Terhune, Toll Brothers

A recent study commissioned by 10,000 Friends of Pennsylvania found that “each year, Pennsylvania’s local governments spend up to \$120 million more than they would spend if more compact development were used.” Because we have the fourth-largest number of local governments of any of the top 20 metropolitan areas, and because municipalities don’t coordinate land use planning, we get unnecessary duplication of infrastructure, schools, and other services.

And that’s what raises the ultimate cost of sprawl for all of us. When sprawl development is accompanied by almost no regional population or job growth, its additional tax costs and cost to our quality of life are not offset by the benefits of new economic activity.

In the 1990s, even the regions that sprawled the most had overall per capita income gains and housing appreciation that far exceeded that of the Philadelphia region.



THE WAY we are growing just can't continue.

It's time to think differently

AND MAKE SOME BIG, POSITIVE
CHANGES.

Albert Einstein once defined insanity as "doing the same thing over and over again and expecting different results." If we continue on our current path—call it "no-growth growth," call it "growing out, not up," call it "pure sprawl," call it what you will—we shouldn't expect a different future. We should expect more abandoned neighborhoods, more time spent in traffic, more loss of farmland and beautiful landscapes, more concentrated poverty, more racial divide, fewer jobs for our kids, fewer people.

So what's our choice? Do we surrender to the problems caused by our no-growth growth? Do we flee to better communities and wait for those communities to be lost to sprawl? Or do we fight for our communities and our families?

IS IT FLIGHT OR FIGHT?

Think for a minute: some of the taxation and land use policy choices that have got us here date back to the 17th century. William Penn's system of municipal government worked pretty well when Pennsylvania was a mostly rural place, with small villages. The wage and business taxes of Philadelphia seemed logical when our city was one of the largest and most important industrial centers of the country and faced little competition from suburbs, Sunbelt regions, and other countries. But these policies make little sense for a 21st century metropolis. Why should we cling to them?

WE NEED TO CHANGE.

Can we do this when it will take action
at the regional level and we have
never come together as a region?

Yes, because we all want to improve the quality of life in our own communities. This is not about some place called the region, a place that nobody belongs to. It's about our communities. It's about Pottstown, Westtown, Newtown, and Germantown. It's about changing the rules of the game so that all our communities can thrive and prosper.

Politics and history impress upon us that, when it comes to local governance and regional growth, the state government in Harrisburg calls the shots. Local governments are, after all, creatures of the state, and the rules of the game—important rules about land use, taxation, and housing—are written in our state capitol. This makes it imperative that state legislators and policy makers understand our region's problems and take substantial steps to change the way we have been forced to grow.

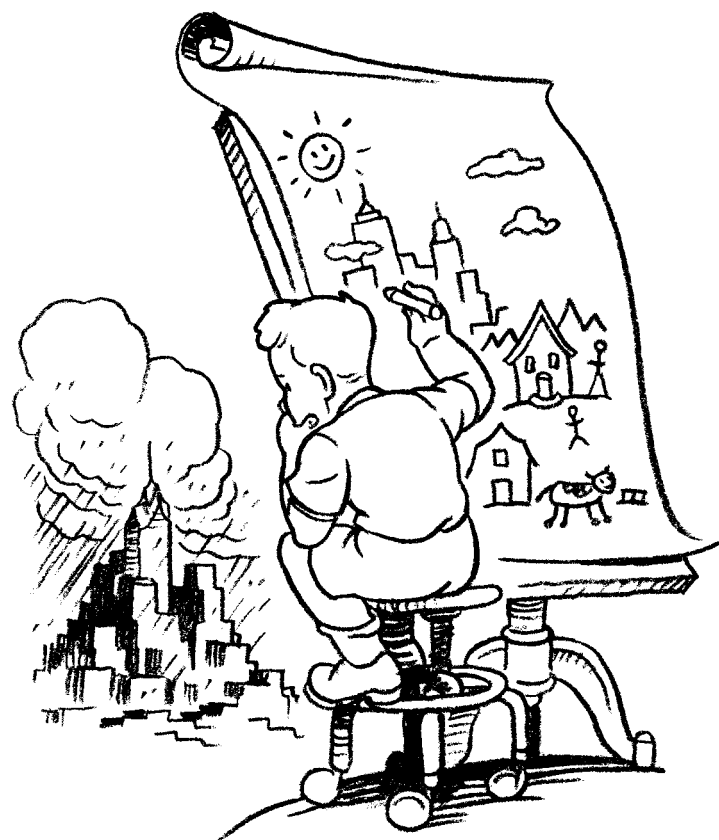
To make changes in Harrisburg, however, our region needs to build a compelling policy agenda to bring to the state legislature—one that reflects the realities of regional growth patterns and acknowledges the interdependence of city and suburbs. With few exceptions, that's been difficult to achieve in the past. But there's no reason why we shouldn't be able to accomplish it in the future. We are Pennsylvania's largest and wealthiest region; many of the leaders of the state legislature are from this region and have the interests of Philadelphia and its suburbs at heart. It makes economic and political sense for the Commonwealth of Pennsylvania to help our metropolitan area—through structural changes that prevent economically inefficient, environmentally damaging, and socially hurtful growth.

POLICIES GOT US WHERE WE ARE TODAY. POLICIES CAN GET US OUT.

The 2002 Pennsylvania governor's race will surely be a political moment in which many of these crucial issues about growth are debated. There is already overwhelming public support in Metropolitan Philadelphia for government action that curbs sprawl, relieves traffic, preserves our natural resources, and ensures all residents a decent quality of life. The current state leadership has taken some important first steps, but there is much unfinished business left to do. Let's challenge candidates for state office to commit to making the big changes Metropolitan Philadelphia—and all of Pennsylvania's towns and cities, for that matter—need for a strong future.

CHANGE IS GOOD.

When a lot of us who have lived in this region for several decades think about change, we think of how things have changed for the worse—our communities are not as pleasant, schools are declining, traffic is bad, economic times can be hard. But pining for the way things used to be will get us nowhere. It is time for us to work together in a way that brings the *right* sort of growth, the *right* sort of change. It is time for us to change our region in a way that makes it ready for the future.



VISION & POLICY

The Ingredients for Change ➤

To change the status quo we need a transforming vision for Metropolitan Philadelphia. But that is just the first step. Next we need to find high impact policy changes that will make this vision possible. One will not work without the other. When you think about it, it's remarkable that Metropolitan Philadelphia produces almost 40% of Pennsylvania's economy but has never brought to Harrisburg a region-wide comprehensive policy agenda that clearly states what we need to succeed. Maybe it is time.

Let's be clear about what we mean by a transforming vision and high impact policy changes. A transforming vision means a new way of looking at policies, growth patterns, and possibilities. This vision is founded on several key principles important to our quality of life. They include the need to:

- CONCENTRATE** future development and infrastructure improvements in and around older areas and in newer suburban centers of growth;
- CONSERVE** much of our remaining agricultural and rural lands;
- BUILD** upon the region's rich history, culture, and abundant natural resource amenities;
- REDUCE** and equalize local tax burdens and conserve fiscal resources; and,
- CONNECT** regional growth through the right transportation, housing, and work force development policies.

The architecture for this transforming vision can be found in the work of a variety of public, civic, and private institutions: the land use and transportation planning work of the Delaware Valley Regional Planning Commission, nationally recognized for its quality and depth; individual county planning initiatives such as the award winning Chester County Landscapes; effort or Montgomery County's Open Space initiative; Mayor Street's ambitious new Neighborhood Transformation Initiative; the work of regional business coalitions such as Greater Philadelphia First, the Greater Philadelphia Chamber of Commerce, bodies such as the Delaware River Port Authority; and countless other efforts too numerous to name.

A transforming vision is not made concrete in any single document or plan but rather by bringing together key strategies, ideas, and leaders and creating a common language that can animate the region.

If we are to improve the quality of life in Metropolitan Philadelphia we must create the political will for change.

The work of the Metropolitan Philadelphia Policy Center is not to duplicate existing plans and ideas but to use its research, educational, and organizational capacity to give public shape to those plans and initiatives: to make the emerging new vision a public force.

For now we need to begin work on several key policy changes that will help us to achieve this transforming vision. There is strong evidence that three changes in particular could have an immediate and significant impact upon our growth patterns, and they already have strong support among residents of our five counties.



TARGET STATE SPENDING

Pennsylvania must focus its infrastructure spending in and around older developed communities and new areas where development makes sense. Pennsylvania needs a plan like Maryland's "smart growth" investment policy, that concentrates development in existing communities and targets state infrastructure funds, economic development money, and other related grants and loans into these "Priority Funding Areas." Experts on metropolitan areas have pointed to the impact of state spending on our growth patterns and have recommended re-targeting spending to reduce sprawl for several years.

In addition, this idea has overwhelming public support: 83% of residents in our five counties polled support the creation of a growth plan that concentrates development in existing communities. And 85% believe our older communities should receive priority funding to support their infrastructure.

Recently, Pennsylvania has taken some important steps toward allowing communities to work together to direct development and infrastructure to developed areas.

In June of 2000, the state legislature passed and Governor Tom Ridge signed into law two amendments to the state land use law. The amendments authorize and encourage multi-municipal planning and permit townships and boroughs to direct development to concentrated growth areas and preserve open space across municipal boundaries. While the law leaves important issues still unresolved, it has made it less cumbersome for municipalities to plan on a regional basis and allows state agencies to take these plans into account when granting permits to developers. Priority funding areas would tie into these new multi-municipal planning powers because areas designated for growth under these plans would receive priority funding.

The state should, with guidance from local governments, designate Priority Funding Areas in and around older developed communities and those areas where new development makes sense. These areas could be places already designated as Enterprise or Keystone Opportunity Zones, heritage areas, existing industrial land, or new high growth areas that have the capacity to grow more.

The focus of this strategy should be leveraging the huge investment we have made in our older communities over the years by upgrading and improving the decaying and underused infrastructure in these areas rather than funding new infrastructure in rural, undeveloped areas. Areas that do not receive prioritized funding would not be excluded from development if they want it, but would not receive state subsidies for new infrastructure. This would keep sprawling new developments from consuming farmland and rural lands, at taxpayer expense, while taking advantage of the underused infrastructure areas we have in the already developed parts of our region. It would also provide predictability for the development community.

This is the sort of political action that could have a huge effect on our ability to protect our land, our towns, and our quality of life in the Philadelphia region.

Right now, our region and our state are not targeting our economic development incentives and policies as effectively as other metropolitan areas do. We reward businesses for locating in the region even if they locate in an outer suburban “greenfield” area rather than in already developed parts of the region.

We need to stop subsidizing sprawl and start adding value to our older communities.



REDUCE AND RESTRUCTURE LOCAL TAXES—NOW

Our tax structure has had an enormous negative effect on the way Metropolitan Philadelphia has grown. High city taxes—among the highest in the country—cursed by an outdated city wage tax, have driven people, businesses, and jobs out of Philadelphia. That same wage tax also inadvertently contributes to higher property taxes in the suburbs, since state law allows Philadelphia to tax about \$10 billion in wages of residents of suburban communities. In the suburbs, a heavy reliance on property taxes fuels the sprawl machine by encouraging destructive competition for property tax base among municipalities and school districts.

**"The city wage tax has become a neon sign—
DON'T COME INTO THE CITY!"**

Rob McCord, CEO of the Eastern Technologies Council

The city of Philadelphia will not grow again unless its tax burdens make sense. We can't expect middle income families to pay 60 cents more on the dollar to live in the city than in the suburbs—at least not for very long. We can't expect the average business to pay 29 cents more on the dollar in the city than the suburbs—they'll leave.

People's choices about where they live, work, and send their kids to schools should not be influenced as much by local tax burdens. While people should be able to pay more to get more, in too many communities in the region paying more means getting less. In addition, the commuter wage tax is a form of regional tax sharing that has created enormous friction between city and suburbs and doesn't seem fair. If we are to have regional tax sharing, let's have a system that includes other distressed communities in addition to Philadelphia.

"PHILADELPHIA'S WAGE TAX
is Chester County's sprawl."

Karen Martynick, Chester County Commissioner

**We know the problem.
We can fix it. What should we do?**

We've got to count on growth. Lower city taxes will stimulate economic growth, and generate new tax revenues in the city and the region—but only if we cut taxes dramatically and up front. We must reduce the cost of Philadelphia city government. There is no defensible reason why the city of Philadelphia should employ more municipal workers than it did 45 years ago when its population has declined by 30%. We must consider seriously the idea of selling city assets, the airport, gas utility, water department, or other assets, to keep the city relatively whole until the benefits of economic growth can be realized.

We must take a hard look at how we pay for schools in Pennsylvania. A number of proposals have been made to lower property taxes by increasing the state share of school funding through a higher state income tax. These proposals make sense if they can reduce the distortions of the local property tax, cut Philadelphia's comparative tax burdens and its reliance on the local wage tax, and don't significantly increase overall tax burdens on households or businesses. *We could also consider a fairer alternative to the commuter wage tax as a regional tax sharing system. A few regions around the country have implemented some form of tax or tax base sharing system. Finally, we must consider some kind of federal or state gap financing for distressed municipalities.* Even if they cut taxes right away, the city of Philadelphia and distressed suburban communities can not regain their economic footing overnight, and maintain core support for schools and vital municipal services.



Under strict controls and oversight, and with firm quid pro quos, municipalities must have help to grow back into competitive shape.

Cutting and reforming taxes isn't easy. If it were, we'd have done it long ago. But we made the choices that got us here—like passing the first wage tax in 1939 as a temporary measure to tide the city over the Great Depression. They weren't handed to us from on high—they didn't just happen. We can make new choices, choices that will help us to grow and grow better.

"TAX REFORM IS NOT EASY.

It takes courage to say we will eliminate this tax and replace it with the benefits of growth."

*Manuel Stamatakis, CEO of Capital
Management Enterprises*



MAKE VACANT URBAN LAND MORE MARKETABLE

We need to encourage the state to move aggressively to turn vacant urban land into marketable value. Clearing, packaging, and preparing vacant land is one way the core cities of our region can stop deterioration and create new economic opportunities.

We are starting to move in the right direction. Philadelphia Mayor John Street is making an anti-blight campaign his top priority, announcing earlier this year that the city will implement a \$250 million plan to tear down unsafe structures, stabilize others, clean up vacant lots, and invest in declining neighborhoods. But in order for this plan to work, the city must become a more attractive place for new residents, especially families. State action to change these laws and provide new incentives could immensely bolster local initiatives by making urban land more marketable and economically competitive. In particular, the state can play a crucial role in Philadelphia's anti-blight campaign by making it easier to purchase and redevelop vacant land throughout the city.

"I represent over 150 developers—none of them do business in Philadelphia. They want to do business in the city because they know the demand is there, but it's too expensive. Land and labor costs and lengthy governmental processes make it hard to make any money doing development in the city.

IT'S EASIER TO BUILD IN THE SUBURBS, SO THEY DO."

Chip Roach, Prudential Fox and Roach Realty

Because of population loss, cities and older towns have large amounts of vacant land. Until now, limited market demand and the financial and legal costs of recovery have been barriers to redeveloping this land. These tracts can be snarled up in the red tape of city regulations or in problems stemming from multiple ownership. Often, these places are heavily polluted from previous industrial use. Rather than building on the “brownfields” of previously used urban land, residential and commercial developers have found it easier and more profitable to build on pristine outer suburban “greenfields.”

But concerns about sprawl, combined with improved conditions in places like Center City, are increasing market interest in vacant urban land in Philadelphia and other older cities and boroughs. We can take advantage of this market interest and develop this land, only when the costs of recovery and reuse meet market investment criteria. Current land remediation programs help pay for environmental cleanup, but they don’t do enough to make vacant urban land truly competitive with suburban properties.

If the Commonwealth of Pennsylvania wants to promote the development of older towns and cities, it must concentrate on land recovery measures over and above the existing “brown-fields” programs. There are two things the state must do:

FIRST it can enact legal remedies that allow for more rapid public take-over of the land than the existing condemnation process provides. Current legal remedies, which are designed to maximize the protection of private property rights, do not create easy enough public action.

SECOND the state can create financial incentives in the form of funding priorities—for instance through a state development bond—that would target older towns and cities and would be used for land assembly, relocation, and commercial marketing.

These actions, taken in the context of a statewide smart growth strategy of targeted infrastructure investments, would allow us to take advantage of our land assets and make our entire region more competitive and more livable as a result.

These ideas need some refinement and more details, for sure. They’re just a start. But Metropolitan Philadelphia has the resources and commitment to make these rough ideas a reality. We have it in us to be doers, not just thinkers; we’ve made things happen in the past, we can make things happen in the future.

Metropolitan Philadelphia faces
a daunting yet inescapable challenge.
These are going to be some big changes.
They’ll require guts and determination.
Every change presents us with
opportunity and risk.

BUT WE’VE GOT A CHOICE.

TO DATE we’ve chosen, or have been
encouraged to take flight.

NOW IT’S TIME TO

FIGHT!

NOTE ➤ The source for all charts, maps, graphs, and tables are located beneath the respective graphic in the report.

- PAGE 9: Gross state product data and metropolitan product data from Pennsylvania Department of Labor and Industry. Quote from participant in a focus group hosted by Metropolitan Philadelphia Policy Center on June 6, 2001.
- PAGE 10: Population Growth from U.S. Census. Employment growth from U.S. Census, Bureau of Labor Statistics. 1999 per capita income from the Bureau of Economic Analysis. Housing appreciation data from Freddie Mac/Fannie Mae, Conventional Mortgage Home Price Index.
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