THE FIGHT FOR METROPOLITAN PHILADELPHIA

an agenda

APRIL 2003

Pennsylvania Economy League
10,000 Friends of Pennsylvania
The Reinvestment Fund

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In October 2001, we published a nationally award winning book titled *Flight or Fight: Metropolitan Philadelphia and its Future.* Response to this book has been extraordinary. Over 18,000 people in the five counties have received a copy of *Flight or Fight* and have participated in an animated discussion about the future of our region. *Flight or Fight* tells a tough story about Metropolitan Philadelphia, an area that should be a place of choice for individuals and businesses but is not. We all know that Metropolitan Philadelphia is a place with extraordinary assets: unique neighborhoods, a thriving core business district, cultural and historical assets other regions would envy. Yet few of our communities are experiencing strong population growth, job growth, or income growth. Instead, we sit by and watch some older communities decline and other newly built communities grow as the same number of people move around within our region. In fact, the only things we find growing at a fast pace are land consumption and sprawl.

In the 1990s Philadelphia was the slowest growing metropolitan area in the country after St. Louis–we grew only 3.6%.

The number of young people in our region age 15-34 declined at 9 times the national average.

Suburban job growth has been below the national average since 1993 and Philadelphia experienced even less.

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

Between 1982 and 1997, developed land grew by 33% while our population grew by only 3%.

CHANGE?

This isn't the way things have to be. *Flight or Fight* posed a simple question to metropolitan Philadelphia leadership: Are we going to continue to choose flight from our older communities and keep creating new developments on greenfields or are we going to fight for all our communities in the metropolitan area? The resounding answer over the last year and a half from business, political and community leaders across our five counties is **"YES, WE WANT TO FIGHT!"**

To date, we have made some hard-earned progress towards articulating common strategies, ideas and language to attain better growth. Significant leadership within our five counties agree that that we will all grow better if we capitalize 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.

Yet, can we come together as a region to build an agenda that has something for every part of the region? We believe the answer is again a resounding yes, because we all want to improve the quality of life in our communities.

This is not about some place called the region that nobody belongs to. This is about our communities and changing the rules of the game so that all of our communities can thrive and prosper. What's more, the time is right to achieve changes at the state level that will help our region. We have the first elected governor from our region in power since 1914. Many of the leaders in the state's legislature are from this region and have the interest of Philadelphia and its suburbs at heart. In addition, the whole state has an interest in our region's success because we are responsible for almost 40% of Pennsylvania's economy.

Based on thousands of conversations with leadership across the region, we believe a compelling policy agenda for Metropolitan Philadelphia must be based on the following principles:

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 fiscal resources; and,

CONNECT regional growth through the right transportation, housing, and workforce development policies.

These common principles provide a framework for identifying significant policy changes to help us build an economically competitive Metropolitan Philadelphia with a good quality of life for all of its residents. The purpose of this publication, a follow-up to *Flight or Fight,* is to propose three tangible policy shifts that will have an immediate and significant impact on our growth patterns.

TAXES ➢ Pennsylvania Economy League provides the numbers to back up the rallying cry we have heard from business leaders, commuters, and others that the wage tax is destructive to Philadelphia's competitiveness regionally and nationally. The Economy League's analysis supports the proposition that wage tax reduction could significantly increase our future tax base by attracting new residents and jobs to the city. *Page 7*

HOUSING ➢ The Reinvestment Fund argues that legal reform and policy shifts could effectively turn our region's abandoned residential property into an asset for our cities and towns by encouraging redevelopment and growth within our older communities. *Page 14*

LAND USE ➢ 10,000 Friends of Pennsylvania asserts that the state must play a greater role in setting land use priorities and ensure that its policies and funding are targeted in and around communities with existing infrastructure rather than subsidizing the creation of new infrastructure on rural lands. *Page 21*

The three broad policy recommendations we outline are just the beginning of a metropolitan agenda. If Metropolitan Philadelphia's leadership can come together to support these reforms, then we can move forward to achieve a comprehensive agenda that will create strong growth, new and better jobs, greater wealth, and better quality of life we all can enjoy.

Reducing Philadelphia's Wage Tax: INVESTING IN *growth*

By David Thornburgh

SUSPEND DISBELIEF

The city of Philadelphia can grow again. The city can add people and jobs. Household incomes can go up. Housing values can increase. New homes, new businesses can rise again to breathe new life into the city's nearly 60,000 vacant lots and structures. New office buildings can bring energy and vitality to Center City.

Why is this so hard to imagine? Because it hasn't been our past. As *Flight or Fight* demonstrated, the city of Philadelphia has been on a path of slow but steady erosion—the tide has been going out in Philadelphia for some 35 years. About 270,000 people chose to leave Philadelphia in the 1990s—74 a day, 365 days a year. Without enough new people coming to the city to replace them, the city continues to wither.

But the tide can rise again. What *Flight or Fight* also pointed out is that new choices made in City Hall, in the Governor's Office and in the General Assembly and Harrisburg can fuel new growth. What kinds of choices? Choices that target state spending where it's most needed—in older cities and towns. Choices to clear the way for new development by streamlining the process of moving vacant urban land back onto the drawing board. And choices to reduce and restructure local taxes, so that people and businesses choosing among Southeastern Pennsylvania's 238 municipalities have more of a financial incentive to move to, or stay in the city of Philadelphia and in our older urban areas.

None of these are easy choices to make. But the numbers—jobs, population, income, housing values—will not move up unless we do something quite different, and quite dramatic. Nowhere is that more true than when it comes to Philadelphia's local tax burden.

I. *PHILADELPHIA'S TAX BURDEN: DOES IT MATTER?*

Do taxes really matter in Philadelphia, more than in other places? Asked another way, what's truly different about Philadelphia, compared to other cities—say New York, Washington, and Boston, our neighbors on the East Coast? Looking at the things that people take into account when they decide to come, stay, or leave—schools, crime, taxes, jobs, let's see—how does Philadelphia compare? None of those cities have bragging rights when it comes to schools or crime. On any given day, scan the *New York Post, the Boston Globe,* or the *Washington Post* and you'll find an article decrying the sorry state of city schools, or concerns about crime in those cities.

Where Philadelphia really, truly stands out is in the area of taxes. We've got two problems. First we have very high, scary high, taxes. According to a 1999 study by the District of Columbia's Department of Revenue, Philadelphia ranked only behind Bridgeport, CT and Newark, NJ in a ranking of the highest state and local tax burdens imposed upon a family of four with a $25,000 annual income. Analysis done by PEL based on an economic model developed by Ernst & Young suggests that it costs $2,400 more for a typical family to choose to live and work in Philadelphia than in a typical suburb—enough to pay for two SEPTA passes a month, or almost a year's tuition at Montgomery County Community College.

The second problem is the city relies very heavily on a local wage tax. Is any other city even in our league in their reliance on a wage tax? No. The city of Philadelphia derives about 56% of its local tax revenue from the wage tax. Detroit is the only city close to that, at around 41%. Only four of the ten largest cities even have a wage tax, and almost no major cities have enacted a new wage tax in the last forty years.

Our taxes are high and we rely heavily on the wage tax. So what? Have high taxes and high wage taxes made a difference? Have they encouraged people and jobs to flee the city? The wage tax certainly stands guilty as charged in the court of expert opinion. Wharton Professor Bob Inman's landmark study, quoted often by the Rendell Mayoral Administration in support of wage tax cuts, noted that wage taxes had had an enormously negative effect on city jobs. The study is quoted in the City's Five Year Plan produced in January, 2000: "According to the 1998 update of the 1992 Inman study, the city's wage tax was responsible for an estimated 60 percent of Philadelphia's job loss between 1965 and 1985—all told, the loss of nearly 100,000 jobs."

In the court of popular opinion, the wage tax has been found guilty as well. Some 63% of office workers surveyed by the Center City District identified the wage tax as the thing they liked least about working in Center City. In a 1999 survey by Greater Philadelphia First, the wage tax ranked second behind only the crime rate as a reason people believe Philadelphia residents are leaving. In addition, a Fall, 1999 survey of suburban Philadelphia technology firms by the Texcel Corporation of Plymouth Meeting, PA, found that 34% of respondents identified the wage tax to be a prime deterrent to the growth of technology firms within the city's borders.

The wage tax also harms suburban communities. The "commuter tax," or wage tax paid by non-Philadelphia residents who work in the city, increases property tax burdens in suburban municipalities because it prevents those local governments from taxing the wages of their residents. It's a regional tax—but at this level it's a very bad one. In 2000 the city of Philadelphia taxed $7.9 billion in wages from residents of the four suburban counties of Bucks, Chester, Delaware, and Montgomery. Philadelphia collected $314 million from those workers. If the suburban governments taxed that same amount at their local wage tax rate, at the 1% rate, they'd pull in about $79 million in tax revenues—more than is spent for police protection in all of Delaware County.

WHAT DO PEOPLE THINK?

An April 2002 survey of 403 Philadelphians conducted by the Center for Opinion Research at Millersville University has some sobering information about residents' attitudes toward the wage tax.

Almost half of the 403 Philadelphians polled said they had considered moving out of the city. High taxes topped the list of reasons they had thought about leaving. 52% of of those polled identified high taxes as the main reason the city had lost jobs, higher than any other factor.

More than two-thirds of the people surveyed said that cutting the wage tax would make the city more attractive to people looking to live in Philadelphia. Asked if the benefits of living in the city and the services provided by the city are worth the extra taxes paid to residents, 58% said no. Only four of ten Philadelphians polled believed that preserving city services was more important than cutting the wage tax.

Elected officials should take heed—their fate could be tied to wage tax decisions. 71% of those polled said they would be more likely to vote for a candidate who advocated cutting the tax.

II. *IS INVESTING IN TAX CUTS WORTH IT?*

It's clear that high tax burdens and an outdated tax structure have cost the city dearly in the past. We know what didn't work. But…will cutting wage taxes work? Will lower taxes encourage a few of those 74 people a day leaving the city to change their minds? Will lower taxes encourage others to move to the city? Will a business add an employee here rather than elsewhere if it costs less in taxes? Ultimately, is investing in city tax cuts worth it?

Anyone who claims they know for sure is lying or ignorant. No one knows for sure. We've got to use the best tools we can find, and the lessons of history, to guide us. But when we apply those lessons the answers are very encouraging. If our economy responds to tax changes as it has in the past, investing in tax cuts will help the city grow, and grow in a powerful way.

Those were the conclusions reached by Dr. Richard Voith, a former Federal Reserve economist and advisor to the Rendell Mayoral Administration, now a principal at the Econsult Corporation. Working with the Economy League, Dr. Voith developed an economic model that documents the relationship between tax rates and economic activity in the city of Philadelphia over the last 50 years.

Dr. Voith came to two major findings:

~ *The wage tax has a powerful effect on the economy because it affects both its own base and the property tax base. In other words, higher wage tax rates have driven out wages and decreased property values; lower wage taxes can increase wages and employment, and increase property values as well.*

~ *The effects of the wage tax on total wages and property values in the city are very powerful and should happen quickly. If we implement a 3.5% wage tax, the model suggests that five years later total wages earned in the city will have increased $2.1 billion—that's about 54,000 more jobs; or a 1.8% gain in jobs per year over a five-year period.*

But what impact might these tax cuts have on city revenues? Initially, they would decline, but within five years, if the city can capture the growth in wages and property values, city tax revenues would have returned to their expected levels. The "revenue hole" would not be permanent or increasing—it would be a hole to fill. How big? **At a 3.5% wage tax rate, the city would need $222 million to cover revenue losses over a five year period. That $222 million translates to 2/3 of 1% of what the city spends every year.**

If you think of that $222 million as an investment in growth, it works out to about $4,100 in tax dollars spent for every job created. How does that compare to other job creation investments? In 1998 the Federal, State and City governments and the Delaware River Port Authority invested about $450 million to entice the Kvaerner shipbuilders to build a shipyard at the former Philadelphia Navy shipyard. That project was estimated to produce about 1,000 direct jobs, at a tax dollar cost per job of about $450,000—100 times higher than the cost per job from tax cuts. The lessons of history are important to learn going forward. But they can't always be applied literally. Obviously, before the city embarked on a course of tax cuts appropriate safeguards would have to be built in.

III. *BUILDING A BRIDGE TO GROWTH*

If taxes matter, and the potential payoff from a lower wage tax is powerful and positive, and if the investment of tax revenue needed to realize that payoff seems to be relatively modest, investing in tax reduction should be a thinkable proposition. Stable city finances are important to the confidence of the city residents and city businesses—and to investors in Philadelphia's bonds. We learned that lesson in 1991, when only the state's borrowing of $1.2 billion on behalf of the city of Philadelphia prevented the city from financial meltdown. So where or how could the city come up with a sizable fund to invest in tax reduction, tax reduction that could spur strong new growth? How can the city build a fiscal bridge to economic growth? Here's where we could look:

Sell or Restructure City Assets

The city of Philadelphia owns assets—utility companies, an airport, parking garages, and other assets—which in many (or even most) other cities are either operated by private entities or by regional authorities. The city could choose to finance a wage tax investment by selling or restructuring those assets. What are those assets exactly, how much are they worth, and what impact would their sale have on current city revenues?

ASSET	VALUE (1990)	CHANGE TO CITY REVENUE (1990)	COMMENT
Airport (Division of Aviation)	$45 million	No change	Asset is right to operate the airport—property would continue to be owned by city
Philadelphia Water Department	$424 million	Loss of $4 million	
Philadelphia Gas Works	$217 million	Loss of $17 million	Current value is far less, and may be negative. Change to city revenue is likely to now be a gain.
Parking Garages	$23.25 million	Gain of $622,500	Philadelphia Parking Authority was taken over by the state in June 2001. Thus, sale of the garages may no longer be feasible.
Surplus Real Estate Assets	$17.6 million	Gain of $200,000	Excludes Youth Study Center
TOTALS	$727 million	Loss of $20.2 million	

VALUE OF ASSETS

City of Philadelphia

Table adapted from *Report on Asset Sale Options for the City of Philadelphia*, Greater Philadelphia First Corporation, January 17, 1991

The last time this question was thoroughly evaluated publicly was during the dark days of 1991. The Greater Philadelphia First group commissioned an extensive study of the feasibility and value of selling assets owned by the city of Philadelphia. As shown in the table, the study concluded that the city could realize about $727 million in one time revenues by selling these assets, but that the sale would also remove about $20 million a year from city revenues.

Twelve years later, what are those assets worth? Some (the Philadelphia Gas Works, for example) are probably worth less; some (the Water Department, for example) are probably worth more. Selling or restructuring these assets is not easy—they involve complicated legal and regulatory issues—but also not unprecedented. The potential seems attractive, however. Their estimated worth of $727 million in 1990 would equal $1 billion today, just adjusting for inflation.

Borrow to Build the Bridge

Families routinely borrow money to send their children to college, knowing that with a college degree their children can expect to earn much higher salaries than with only a high school degree. The city of Philadelphia regularly borrows money based on similar logic. Within the last few years, the city has borrowed some $300 million to invest in the Neighborhood Transformation Initiative, and some $600 million to build a new stadium for the Eagles and a new ballpark for the Phillies. In each case, the city borrowed money in anticipation of a payoff: stronger neighborhoods, better schools, the excitement, energy and community spirit that professional sports bring to a city.

Could the city borrow money to invest in tax cuts? How much financing would be required, over what period of time? As they have before, could the state or federal government help secure that debt, in order to give the city a chance to become more competitive?

Interestingly, this kind of borrowing has been used before to finance accumulated deficits—to fill in holes that have already been dug. Such was the case in 1991 when the Pennsylvania Intergovernmental Cooperation Authority (PICA) was created by the state legislature to borrow $1.2 billion on behalf of the city to cover the city's existing deficit. More recently, in the spring of 2002 the city borrowed $300 million to cover an existing deficit in the School District of Philadelphia.

Borrowing to finance an anticipated deficit would have to be done carefully and with proper safeguards—bondholders would have to be confident that the city's estimates about potential growth were conservative and realistic. Nevertheless, the potential gain makes this an attractive proposition.

State Tax Reform = Philadelphia Tax Reform?

Many times in recent years city officials, editorial boards and civic leaders have suggested that Philadelphia's tax challenges can only be addressed in the context of state tax reform. There's a certain logic to that—the city is, after all, a creature of the state, and many of its powers are granted by the Governor and the General Assembly. Tax "reform" is clearly an issue on people's minds in Pennsylvania. An IssuesPA poll conducted during the 2002 race for Governor found that about 72% of Pennsylvanians responding felt the need for dramatic overhaul of the state and local tax system in Pennsylvania.

But the logic gets wobbly, or at least more complex, upon closer examination. Philadelphia's tax challenges and the tax challenges of the rest of Pennsylvania are quite different. Philadelphia's albatross is its wage tax; parts of the rest of Pennsylvania feel the pain of rising property taxes (although Pennsylvania, on the whole, is not a high property tax state). Furthermore, some part of the tax reform debate has centered on the need to spend more, rather than less, particularly in the area of K-12 education. Meeting all those goals—cutting property taxes in hard-hit Pennsylvania communities, evening out tax disparities between Philadelphia and the surrounding communities, cutting wage taxes in Philadelphia, and spending perhaps a few billion dollars more on local schools—is a tall order. At the very least, it will take some creative math and shrewd political maneuvering.

Sometimes factored into the discussion of state/city fiscal relations is the issue of the funding for Philadelphia County Courts. In 1987 the Supreme Court of Pennsylvania ruled that the Commonwealth, not county governments, should be responsible for funding the operations of county courts. In Philadelphia's case the city (same as the county) spends about $110 million per year on courts. If the state were to pick up the bill, the city could free up $110 million for tax reductions.

HOW BAD IS IT?

The wage tax, together with other city taxes, makes Philadelphia a very expensive location for families and businesses. In addition, the wage tax takes away significant tax base from outlying communities, many of which can ill afford the loss.

The Impact of the City Taxes on Business

When businesses are deciding where to locate—or to relocate, many factors come into play. However, especially within a region, taxes play a large role. An economic model prepared for PEL compares Philadelphia's current business tax burdens with those in nine communities in the region. As the Figure 1 on page 11 shows, Philadelphia's state and local business tax burdens are 30% to 89% higher than the median for the suburban communities.

Because employers must pay higher salaries to attract suburban residents who could avoid the tax by working in the suburbs, the non-resident wage tax is categorized as a business tax. And the commuter wage tax is the main reason why taxes are higher in Philadelphia. Without it, the disparity between Philadelphia and its suburbs would be much lower—ranging from 7% to 22%.

The Impact of City Taxes on Families

Similarly, taxes play a part in the decisions people and families make about where to live. Consider a typical family household earning the regional median of $47,000 a year, shopping for a house that costs three time their income or $141,000. For this household, state and local tax burdens range from a high of 28% of their income in the city of Chester, Delaware County to a low of 6% in Woodstown Borough, Salem County. A typical suburban household pays state and local taxes totaling about 10% of household income while the same household living in Philadelphia pays 15%—almost 50% and $2,400 more per year. As thousands of former residents of Philadelphia now living in the suburbs can attest, they reap significant savings by moving to the suburbs—or by choosing to live there when they arrive in the region.

INDUSTRY	EFFECTIVE TAX BURDEN PHILADELPHIA	EFFECTIVE TAX BURDEN SUBURBAN MEDIAN	PHILADELPHIA/ SUBURBAN DISPARITY
Electronic components	12.9%	7.2%	79% ↑
Telecommunications	21.1%	16.3%	30% ↑
Biotechnology	10.5%	6.1%	71% ↑
Computer Programming	16.5%	10.7%	54% ↑
Engineering	24.1%	12.8%	89% ↑
Data Processing	10.1%	7.3%	37% ↑

FIGURE I: STATE AND LOCAL TAX BURDENS FOR TYPICAL FIRMS IN SELECTED INDUSTRIES

	TOTAL STATE & LOCAL (AFTER FED OFFSET)		TOTAL LOCAL		PROPERTY		EARNED INCOME TAX	
Philadelphia	$7,225	15%	$6,024	13%	$3,729	8%	$2,165	5%
PA Suburban Median	$4,834	10%	$3,295	7%	$2,838	6%	$425	1%
NJ Suburban Median	$4,839	10%	$4,071	9%	$4,071	9%	n/a	0%
8 County Suburban Median	$4,839	10%	$3,410	7%	$3,297	7%	n/a	0%

FIGURE II: STATE AND LOCAL TAXES IN PHILADELPHIA REGION FOR A TYPICAL HOUSEHOLD EARNING $47,000 PER YEAR

Unfortunately, the implementation of the Supreme Court's ruling has foundered over issues of budgets, control, and politics. The legislature has been unwilling to fund county courts without control over their administration, and the city has been unwilling to give up its control. Complicating the funding argument in Philadelphia's case is the $314 million in commuter taxes paid to the city every year by suburban residents. Rightly or wrongly, legislators sometimes argue that the commuter tax (authorized by the General Assembly) already provides the city with more than enough additional resources to cover local court costs.

It doesn't take long to see that the issues of state/city relations on taxes and spending quickly gets complicated. Nevertheless, if there is a window of political opportunity in Harrisburg to do as voters seem to demand and effect a major overhaul of the state and local tax system, it would make sense for city leaders to participate actively and creatively in those efforts.

Expand the Tax Base from Wages to Income

Unlike the Commonwealth of Pennsylvania, Philadelphia only taxes earned income (wages and salaries) and not unearned income (interest, dividends, etc.) The School District of Philadelphia does tax some unearned income, but that tax excludes bank interest and long term capital gains, and is notorious for compliance problems—many people don't know about it or simply don't pay it.

Should the city tax both forms of income—earned and unearned? What consequences would that have for city revenues? Would it be fair to city taxpayers? A city Tax Advisory Group in 1992 recommended such a change to then-Mayor Rendell, noting that "piggybacking" a city income tax on the state income tax (as is the practice in New York City) would bring the city an additional $75 million a year. It would also, the group said, reduce the cost of collecting city taxes and simplify the process for taxpayers. Alternatively, if the city wanted the change to remain "revenue neutral" it could reduce the wage tax rate by a half percent, reduce other business taxes, and provide a credit to low income taxpayers.

Some argue that taxing unearned income by the city isn't fair—that taxing wages makes sense because those wages are earned in the city, while dividends and interest are earned all over the globe. However, that bridge was crossed years ago when the School District enacted its investment income tax. The question now is whether the city should continue to make somewhat arbitrary distinctions between the income its residents earn.

Reduce City Expenditures

Inevitably, when tax cuts come up in political debate, the alarm goes off and leaders and citizens begin the chorus of the "need to preserve essential city services." The media takes up the debate, and the tax cut discussion simplifies and degenerates into "taxes vs. services," suggesting that every dollar returned to taxpayers for their use means that libraries, parks, playgrounds and firehouses will inevitably close.

Convenient and shopworn as that debate is, it neatly glosses over important ideas and opportunities. In an organization as large as Philadelphia city government, with its $3 billion General Fund and some 25,000 city employees, small gains in efficiencies can free up significant resources. A 1% gain in productivity frees up $30 million on a $3 billion budget. Sounds easy, right? Well, it's not. Achieving productivity gains in city government is hampered by the thousands of strings attached to every decision: state and federal mandates; union work rules; political patronage and other forms of what some have called the "political tax"; institutional lethargy and resistance to change; and, lack of professional training and inadequate technology within the ranks.

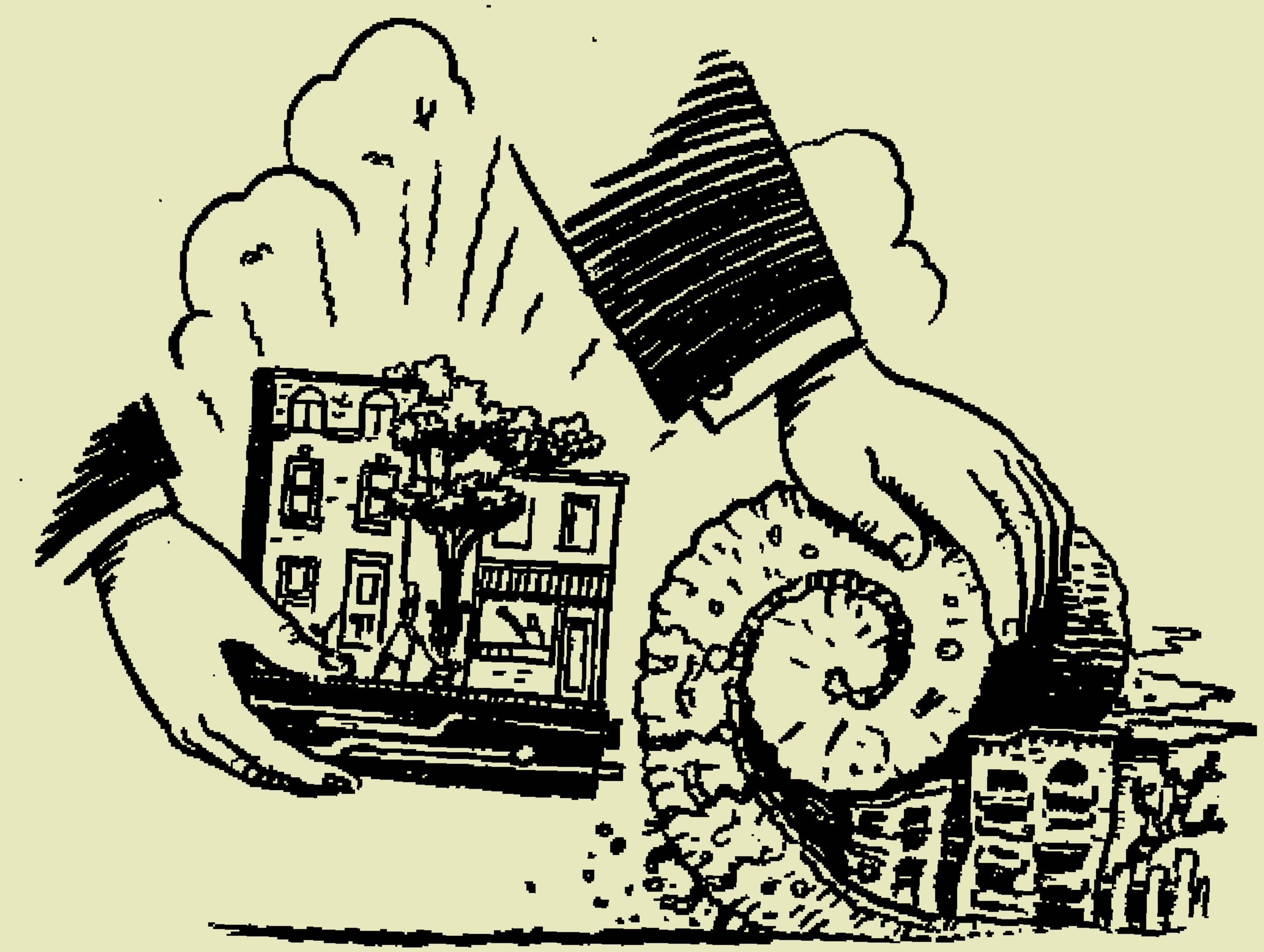
As difficult as it is to do more with less in a city bureaucracy, it's important to try to identify the size of the opportunity, to continue to ask what if, and to build some context around potential decisions. One place to start is with some basic expenditure comparisons—notoriously difficult to do accurately (all city governments are constructed and funded differently), but useful nonetheless. In 2001, the city's Finance Department conducted its own benchmarking analysis of a group of 23 cities (the 20 largest plus Pittsburgh, Cleveland, and Washington, D.C.). In this group, Philadelphia's combined city and county government expenditures ranked 6th—13% above the median. Had Philadelphia's expenditures been at the median of those 23, the city would be spending almost $400 million less per year.

IMAGINE A DIFFERENT *future*

At the end of the day, what's this debate really about? As *Flight or Fight* suggested, it has to be about growth. If wage tax reductions didn't promise some level of growth, then we wouldn't be interested in them at all. But they do, and the analysis suggests that the growth could be strong and refreshing.

One of the sad things about Philadelphia today is that many people, faced with the legacy of 30 years of decline, have stopped believing that growth is possible. They're singing that old blues lyric that "I been down so long it looks like up to me." But growth is possible. New Yorkers know it—the city ended the century with its highest population ever. People in Boston know it—Boston's been on a steady growth curve since it bottomed out in the 1950s. **Why not Philadelphia? We have to create a different future for ourselves, and then build the bridge that gets us there.** It's within our reach.

And if it's growth we're after, and not just managing decline, then investing in wage tax cuts has to be a primary foundation for the bridge that can get us there.



RECLAIMING URBAN LAND:

A State Role For Helping Cities Grow

By Karen Black and Maggie McCullough

The re-use of vacant land in Philadelphia and older towns in the region is critical to realizing the economic potential of the central city and the region. Municipal, county, and state government all have important roles to play in enabling reinvestment and the re-use of vacant lots and abandoned buildings. This article focuses on the role of the State and offers strategic initiatives vital to effective land reclamation and urban growth.

THE ARITHMETIC OF CENTRAL CITY DECLINE

The slow growth of Metropolitan Philadelphia has been well documented. *Flight or Fight* demonstrated that we are *spreading* out but not growing. People and jobs are shifting around with limited aggregate increase in employment and population.

The numbers are particularly striking for Philadelphia. Philadelphia and Detroit are the only two of the nation's largest cities that lost population in the 1990s. By the year 2000, after 50 years of population loss, Philadelphia had an enormous inventory of vacant lots and abandoned buildings: 31,000 lots, 26,000 residential structures, and 3,500 commercial and industrial sites. The inextricable relationship of these abandoned properties to regional development patterns over the last half century is illustrated by the data on housing construction, population growth, and vacant housing units shown on the next two pages. By any calculation we are moving outward and leaving behind a crater of blight in the central core.

CONDITIONS FOR URBAN GROWTH AND INVESTMENT

Urban blight is a competitiveness issue. The critical question for Philadelphia—and other older towns throughout the region and State—is how to best use our competitive advantages to increase population, jobs, and per capita income. This issue is on the minds of urban politicians and residents and has now become part of the language of regional and state politics. This is evidenced by suburban anti-sprawl sentiment throughout the State and by our recent governor's race, where rebuilding older towns and cities became a front and center issue.

The competitive disadvantages of cities like Philadelphia are well known. Cities and older towns have often become low-quality amenity, high cost places with limited choices for those with rising incomes. The *value proposition* in Philadelphia and many other older towns and cities (what we pay in taxes and its relationship to what we receive in services) must change. Given that the public amenity menu includes services such as schools and safety, it is easy to see why

Philadelphia can become a place of fate more than a place of choice; particularly for families with children who cannot afford private schools. This is also the case in Chester, Coatesville, Reading, and scores of other older towns.

But disadvantages are only one part of the story. Cities and towns possess concrete advantages that can be the engines of revival. Urban advantages range from the *aesthetic* (historic architecture and form, urban parks and waterfronts) to the *economic* (central business location, transportation assets, knowledge centered institutions such as universities and hospitals, and work force), to the *cultural* (the cluster of museums, performance arts, and alternative lifestyles).

Moreover, the potential to grow and thrive is inherent in city centered density and diversity. What sets cities and many older towns apart is the creativity of changing populations, the organic quality of cultural integration and change, an institutional infrastructure that transcends short-term commercial whims, the immediacy of face-to-face social networks, and a cultural milieu that opts for social and entrepreneurial risks.

To realize their advantages cities must do two things.

1st, **they must fix the basics,** as Bruce Katz of The Brookings Institution is fond of reminding us. This means re-negotiating the value proposition by making the cost and quality of public goods more competitive. Fixing the basics means transforming the dead weight of public bureaucracy, liberating the experience of living, investing, building, visiting, and doing business from meaningless rules, low productivity services, and a lack of transparency and predictability. This is the primary lesson of municipal reform during the past two decades.

2nd, **cities must build from their strengths** through the lens of their distinctive qualities. This means an inventory of actions designed to preserve those residential and business location assets that are viable and re-investing or retrofitting anew around centers of strength: institutional and employment clusters, transportation nodes, areas adjacent to strong residential and business markets, and strong public assets such as parks and rivers. It also means promoting diversity and an entrepreneurial culture.

The twin dictates of *fixing the basics and building from strength* are the basis for growth. Revitalized cities add new options to the menu of residential and business location decisions: a safer urban or town existence where public life is vital and the cost of amenities is in line with the premium that residents and businesses are willing to pay. Strategic investment and basic reform reinforce each other; one cannot happen without the other.

While the theme of this article has much to do with regional patterns and state functions, it is important to take note of the imperative for local reform and strategy. No amount of anti-sprawl or environmental preservation sentiment will stimulate urban and town growth. They may, in some contexts, be a necessary condition for re-centralization but they are not a sufficient condition.

Philadelphia lost significant population since 1950.

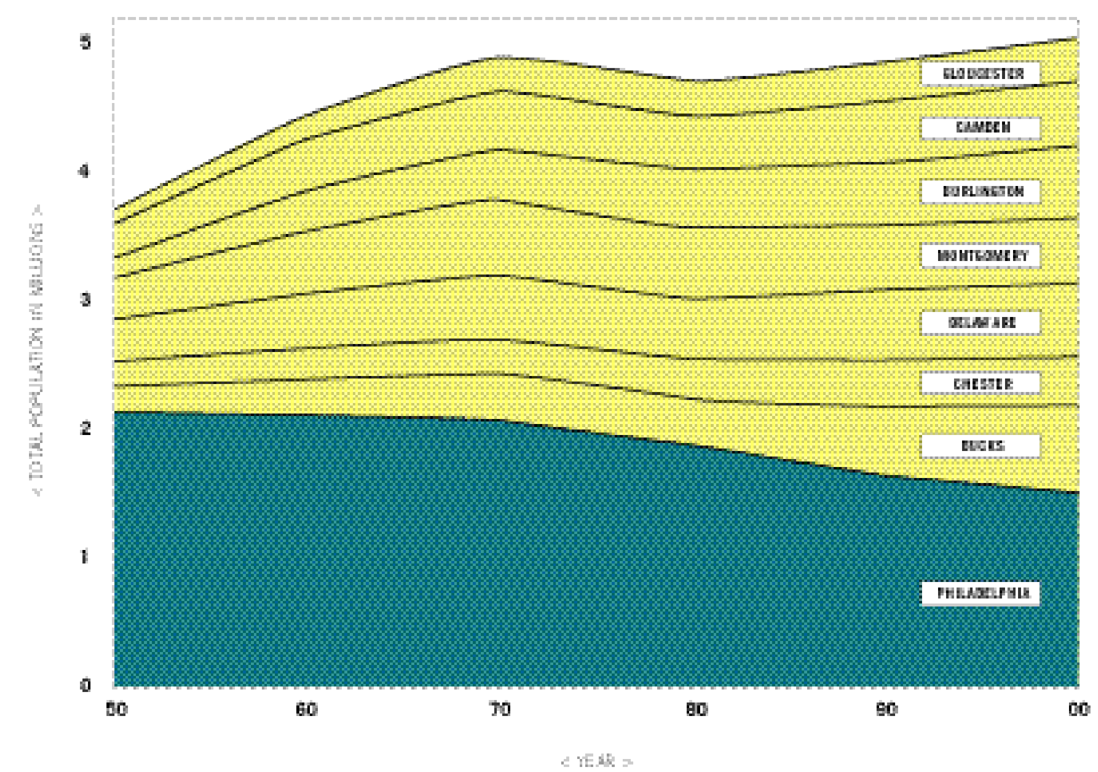
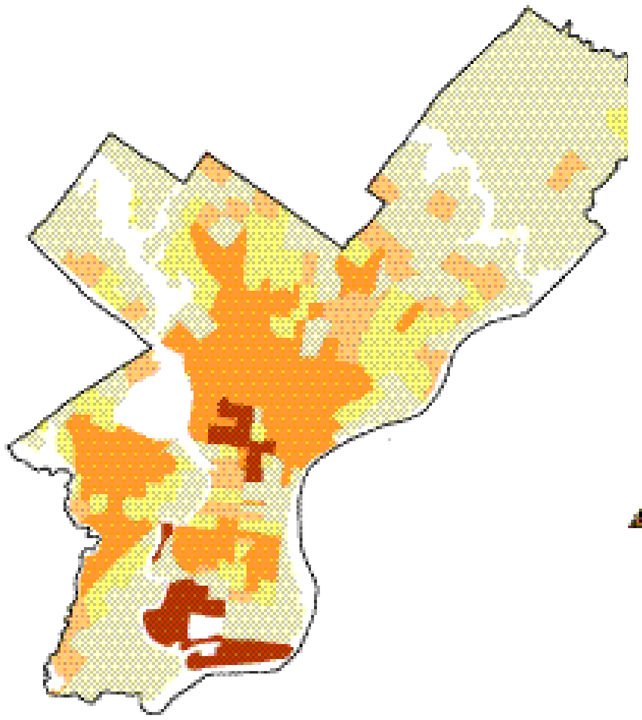


FIGURE I: TOTAL POPULATION OF THE PHILADELPHIA AREA (1950-2000)

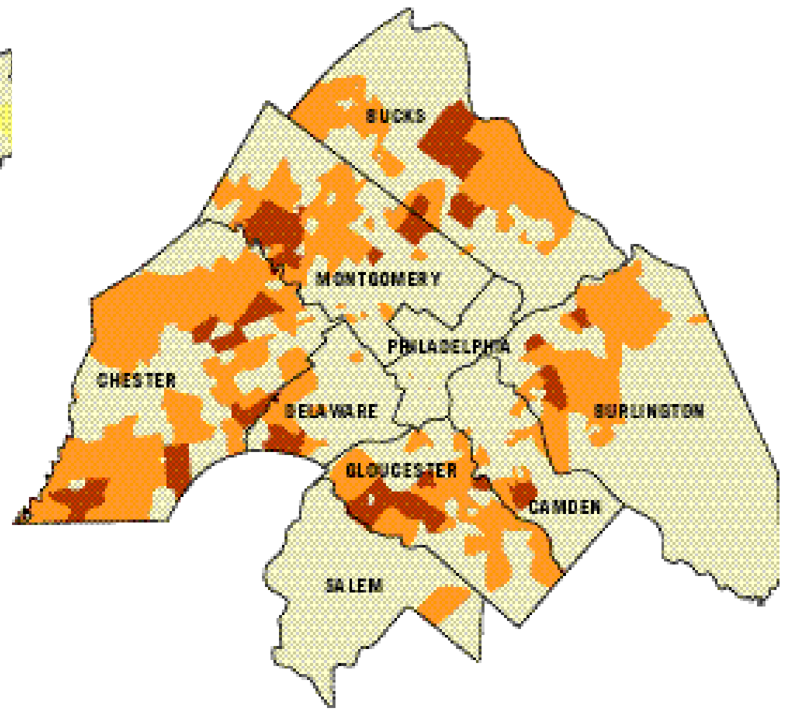
Source: U.S. Census



MAP I: LOCATION OF RESIDENTIAL VACANCIES

Source: Census 2000

Rivers & Parks · Less than 1% · 1-2% · 2-5% · 5-20% · Greater than 20%



MAP II: LOCATION OF NEW HOUSING UNITS

Source: Census 2000

Less than 10% · 10-25% · Greater than 25%

Philadelphia experienced minimal building activity in the past two decades.

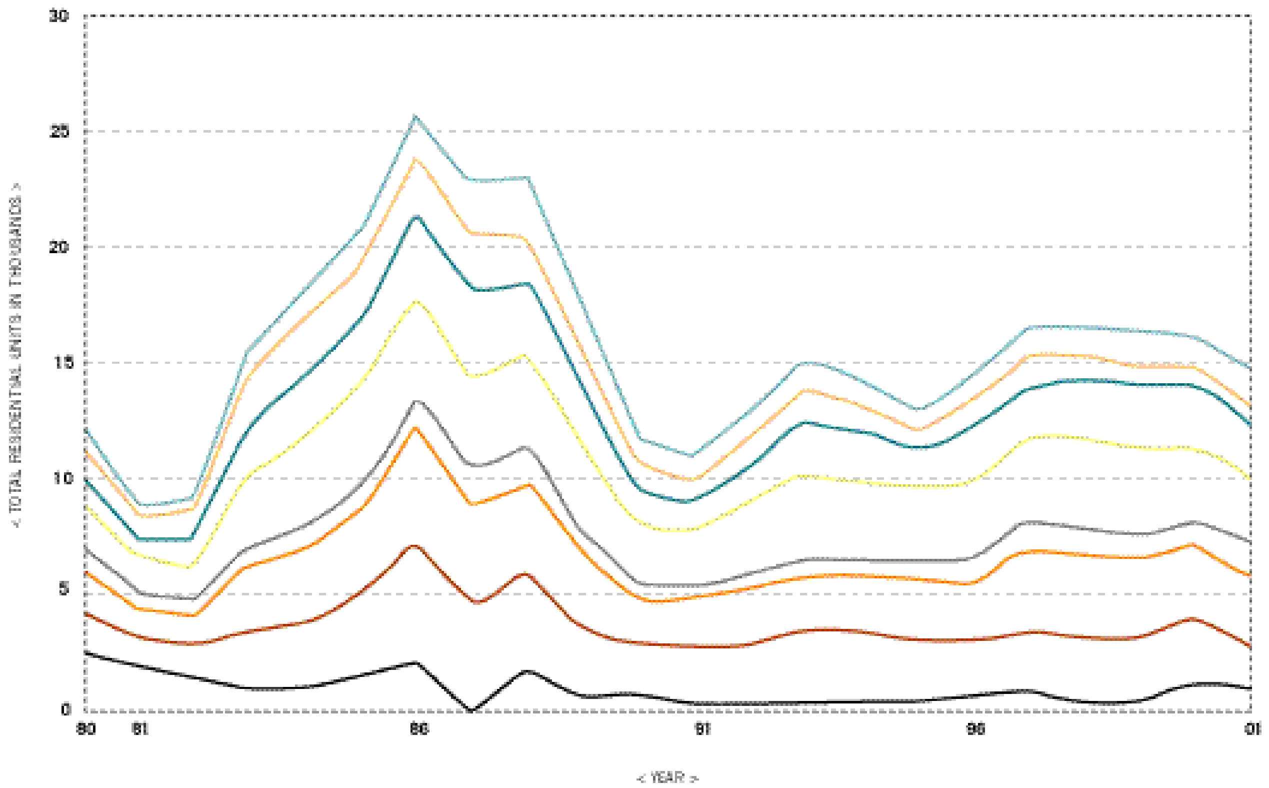


FIGURE II: RESIDENTIAL BUILDING PERMITS DURING THE PAST DECADE

Source: Estimated from Building Permits Issued

Philadelphia · Bucks · Chester · Delaware · Montgomery · Burlington · Camden · Gloucester

LAND RECLAMATION

The existence of vast tracts of land and abandoned buildings in a city like Philadelphia or Chester is paradoxically both symptomatic of a crisis and a powerful redevelopment opportunity. With anti-development sentiment a dominant theme in suburban green fields, urban land is now viewed as a competitive alternative. And in instances where there are vast tracts of land in proximity to other public and private assets, the opportunity to redefine our urban future is linked squarely to land reclamation.

For a city like Philadelphia, the management and re-use of land can be a symbol of radical change or continued decline. A city's inventory of land has to be managed, acquired, marketed, and sold back into the commercial marketplace for it to have growth value. Nobody that has followed the debates and publicity over Philadelphia's *Neighborhood Transformation Initiative* can doubt its meaning and complexity.

Buildings and lots that are abandoned are usually left with public and private liens and pose a variety of economic, social, and health problems for government and citizens. They are non-producing assets that bring down contiguous property values, serve as focal points for illegal activity, and generate health-related concerns due to the air borne and ground level building materials such as lead and asbestos.

While it is well-beyond the scope of this article to detail all of the issues related to public land acquisition and disposition, the public sector has the legal capacity (within limits) to protect the public by condemning, acquiring and sometimes demolishing blighted properties. The capacity of a government to do this in a way that maximizes the growth potential of the land is related to the demand within the marketplace; that is whether there are willing buyers and developers that value the property and want to make investments.

But even when this demand appears to be present, the government's inability to make land available in a timely and transparent manner can be a barrier to redevelopment. The barriers are related to a variety of issues: I) legal and policy issues, II) financial resources specific to land reclamation, III) housing finance and policy, and IV) political will and public business practices.

I. *LEGAL AND POLICY ISSUES*

State law provides the legal framework for the acquisition and disposition of abandoned properties. Existing state law provides Philadelphia, and other municipalities governed by the same foreclosure (Municipal Claims and Tax Lien Act of 1923) and eminent domain (The Urban Redevelopment Law) laws, with the fundamental tools it needs to acquire, assemble and convey abandoned properties. Pennsylvania municipalities are in a better position than many cities across the country to acquire land strategically because unlike other jurisdictions, they can take land without having a set purpose in mind for the use of the land. Municipalities or Redevelopment Authorities can also assemble the land into developable sites, maintain and insure it during the period of temporary ownership and convey it to a third party who will be responsible for eliminating blight and redeveloping the site. We propose reforms in four areas to modernize these tools to allow municipalities to address abandonment more efficiently and effectively.

1. Create a waiver for low value homes under Medicaid Estate Recovery program. Currently in Pennsylvania, the estate of a Medicaid patient is liable to the state for the cost of the assistance provided. When a Medicaid patient dies, the Department of Public Welfare requires the administrator of the estate to obtain a statement of interest from the department showing costs incurred for medical care. The administrator must then place a lien on the property sufficient to repay the state. The liens placed on the properties are not insubstantial. The average long-term care cost for a patient who has been in nursing home care is $40,000. This amount exceeds the market value of properties in many Philadelphia neighborhoods. When this occurs, it effectively removes the house from the market and encourages heirs to abandon it. *Sixteen states across the country have avoided contributing to blight by waiving recovery from low value primary residences to avoid creating an undue hardship.* Pennsylvania should emulate other states and exclude properties that have a market value of $50,000 or less to stop the devastating impact this program has on communities.

2. Reform state foreclosure and eminent domain laws to provide greater ability to acquire and convey abandoned properties quickly and strategically.

REFORM FORECLOSURE LAW TO PERMIT PROPERTIES TO BE TRANSFERRED TO THIRD PARTIES IN LIEU OF TAX SALE.

Many states have reformed their foreclosure laws to allow municipalities to expeditiously and predictably convey properties to parties who will be most effective at rehabilitating or redeveloping them. The Municipal Claims and Tax Liens Act of 1923, the state law that authorizes Philadelphia to foreclose on properties, does not allow the city to select a responsible new owner for the property. Instead, the city must offer the property at tax sale to the highest bidder. Once purchased at tax sale, the city has no authority to demand that the new owner eliminate blight or redevelop the property. If we adopt a foreclosure process, similar to that of Ohio, Atlanta, New York and Michigan, the court would issue a judgment at the conclusion of a foreclosure proceeding providing title to the municipality. It will then be the decision of the city whether to transfer the property to a developer or to sell it at tax sale. This reform can effectively transform foreclosure from solely a revenue generation tool into a more expansive neighborhood regeneration tool.

REFORM EMINENT DOMAIN LAW

(a) Limit multi-agency approvals where property is located in a redevelopment area or a neighborhood with over 30% vacancy rates. The Urban Redevelopment Law requires multi-agency involvement at the municipality level for every acquisition of every parcel by eminent domain. Rather than have the RDA seek out an opinion by the Planning Commission about the appropriateness of each and every acquisition, where the Planning Commission itself has identified the area as a

Redevelopment Area, or where the area has over a 30% vacancy rate, we can streamline the process by removing this approval step and allowing the Planning Commission to pre-certify properties for taking by eminent domain.
(b) Reform law that requires unclaimed just compensation reserves to be sent to the State Treasury and return the money to be invested in redevelopment. Under current state law, when a condemner posts a bond or holds money in reserve to pay just compensation to the owner and the owner fails to come forward to collect it, the unclaimed money will go where all Pennsylvania unclaimed property goes—to the State Treasury's Bureau of Unclaimed Property where the Treasury will maintain perpetual custody and wait for the owner or an heir to make a claim. We need to redirect just compensation reserves back into property acquisition and development to increase resources for large-scale land acquisition.
(c) Create standardized formula for determining market value of severely blighted properties. Under eminent domain law, the owner must receive just compensation, usually defined as fair market value for his property. A traditional appraisal based on comparable sales comparisons becomes impossible in no demand markets. As a result, a series of alternative appraisals methods are utilized that result in wide variations in value. We need to create a standardized formula for calculating market value for abandoned properties to provide predictability to municipalities and to ensure that the owner will not be unjustly rewarded. One potential market value formula would require Pennsylvania municipalities to pay the difference between the fair market value for a comparable property that is intact with all basic systems functioning less the cost of bringing the home up to code with functioning basic systems. For many properties, the result will be a negative net value.

An accepted market value calculation may also help to address an administrative preference in Philadelphia that requires developers to place 200% of market value in escrow to provide just compensation to the owner. The 200% requirement is not mandated by state law but is instead based on a misinterpretation of a 1975 Commonwealth Court case, commonly referred to as Franklin Town, where in a specific contract between the RDA and a developer, the parties chose to require 200% be placed in escrow. The court held that 200% "is not specifically required by the Eminent Domain Code." If Philadelphia and other municipalities insist upon reserves being held to pay double market value, a more realistic appraisal will free developers' money to allow it to be reinvested.

3. Make abandoned property owners accountable for the condition of their property. Create incentives for owners of abandoned property to maintain the property or donate it to the city, the RDA, a CDC or a land bank:

~ *Give citizens a private right of action against negligent property owners;*

~ *Require municipalities to report tax liens to credit agencies* so that their tax debt will impact the owner's credit and provide incentive to pay the old debt or donate their property; and

~ *Criminalize abandonment* after a lengthy amnesty period for those owners who refuse to maintain or transfer their abandoned property.

4. Encourage rehabilitation and maintenance of homes in distressed neighborhoods to prevent abandonment:

~ *Adopt a smart rehabilitation subcode as part of Pennsylvania's new BOCA building code,* that requires updating an older home's systems only if it is unsafe, rather than uniformly requiring older houses meet the standards for new construction. When New Jersey adopted such a code, money spent on rehabilitation in New Jersey's five largest cities increased 90%.

~ *Increase state funding for the Basic Systems Repair Grant program* that has been shown to decrease abandonment.

II. FINANCIAL ISSUES SPECIFIC TO LAND RECLAMATION

It costs public dollars to acquire, transfer, manage, and clean blighted land and buildings. At times, public dollars can be recovered by private investment. At other times, public subsidy is a longer term pre-condition for building market capacity. The public cost of aggregating commercially viable sites for developers is paid for in a variety of ways.

Federal and state funding for the acquisition and preparation of vacant land is primarily targeted to vacant industrial "Brownfield" sites. Brownfield monies are scarce for certain pre-development costs, and programs targeted to redevelopment of vacant *residential* land do not exist. Tax incentives which also can be used to encourage the development of vacant land, are provided in certain targeted areas of the Commonwealth—in Empowerment Zones and Enterprise Communities as designated by HUD and in Keystone Opportunity Zones as designated by the Commonwealth. These incentives may encourage a business to redevelop an old industrial site in designated areas and reap tax benefits—but rarely do the areas contain residential communities.

The state needs to actively promote both Brownfields resource allocation and tax incentives by extending the flexibility of brownfield monies to allow use for residential development and particularly essential pre-development costs. In addition, when any new KOZ is re-authorized, the state should add incentives for major residential developments (minimum range of 500 to 800 units) that can change the market trajectory of a town or city.

III. STATE HOUSING FINANCE AND STRATEGY

The majority of resources that flow into Pennsylvania's urban and town development projects are state and federal housing investments: HUD's Community Development Block Grant (CDBG), HOME funds, Section 108 guarantee programs, Pennsylvania Housing Finance Agency's Low Income Housing Tax Credit, and Department of Community and Economic Development resources.

To maximize the impact of these resources, we believe that the Commonwealth must fundamentally change its approach to housing development by stimulating market rate housing in older cities and towns through large scale new construction on vacant parcels; increasing affordable housing opportunities in high-income communities near employment centers; and improving cooperation and planning between and among municipalities, counties, the Commonwealth and the federal government.

The Commonwealth can begin by creating a state housing strategy that guides public and private housing investment decisions. The strategy should be structured around four basic principles.

1. Restore real estate markets by using new and more creative financial tools.
Core communities around the Commonwealth need more market-rate housing to restore market vitality—and must create it with enough scale to affect real growth in demand, financial value and housing products. Localities need to continually improve their communities to ensure they emerge as places of choice for homebuyers—and the Commonwealth must implement a number of new financial tools to stimulate and guide such real estate development.

~ *Create non-categorical funding to expand markets* by subsidizing the sale price of initial homes in a large scale new development to "jump-start" an otherwise untested or weak market.

~ *Support Employer Assisted Housing (EAH)* to encourage employees in core communities to live near their place of work.

~ *Expand PHFA's Homeownership Choice Program* allowing large-scale, mixed use developments to create markets that can increase demand and real estate values.

~ *Encourage localities to use Tax Increment Financing (TIFs) to develop market-rate housing.* TIFS, which have generally been used by economic development ventures, can be used to lower the costs of new market-rate construction. Once a project is designated for a TIF, any increases in property taxes resulting from new development are used to pay loans that financed the deal.

~ *Target new Housing and Redevelopment Assistance (HRA) monies.* As suggested by Governor Rendell, the state's HRA appropriation should be increased and the increase targeted at blight elimination activities particularly cost prohibitive pre-development activities.

~ *Target a portion of private activity bond financing to residential development.* Again, as suggested by Governor Rendell, the state should target a private activity bond volume cap increase for specific use in urban development projects to encourage private investment.

2. Preserve assets by incentivizing localities to manage and sell vacant land and buildings.
Housing and job growth in suburban and rural areas of the Commonwealth is a dynamic that consumes open land at a widely disproportionate rate. A statewide housing strategy can help to thwart the trend by encouraging redevelopment in core communities and would:

~ *Encourage the development of a statewide inventory of abandoned land.*

~ *Reward new housing developments that occur on vacant abandoned land through tax-incentives, gap financing, acquisition dollars and infrastructure investments.*

~ *Give preference to state funding applications for new development on old vacant sites.*

3. Deconcentrate poverty by incentivizing the development of affordable housing in higher income areas near employment centers.
Many of the states most affordable homes are located in its core communities—apart from emerging job clusters—making it difficult for some modest income homebuyers to purchase a home near their place of work. A statewide housing strategy would help to ameliorate this and would:

~ *Support Employer Assisted Housing around non-urban employment centers.*

~ *Reward localities through non-categorical funding for implementing any of the tools designed to reduce barriers to affordable housing including:*

Regulatory restriction reductions—eliminate cost barriers such as impact fees, permit fees and costly development standards.

Density bonuses—allow developers to build more units than local laws would normally allow in exchange for constructing affordable units.

Property tax waivers and tax increment financing—designate increased property tax from an affordable housing development to be used to pay the loans used to finance the project; provide for maintenance or operational subsidies; or fund a housing trust.

Zoning for accessory dwelling units—allow homeowners to rent out a garage apartment or third floor apartment by creating zoning that permits their construction—particularly in higher income communities.

4. Maximize available housing funds by coordinating planning mechanisms.
Housing planning in the state currently takes place at numerous, uncoordinated levels. Counties and municipalities develop three types of housing plans for their jurisdictions: Consolidated Plans, Comprehensive Plans and Public Housing Authority Plans. The sheer number of plans—plans that are not necessarily created in concert with others—often leads to multiple priorities and redundant efforts. At the same time, state housing investment decisions are generally based on site availability and developer capacity—a process that tends to fragment and dilute available housing resources. A statewide housing strategy should:

~ *Require one plan at the local or county level to represent all housing agencies (i.e. housing authority, redevelopment agency, housing office and planning commission).* The state housing strategy should require that this one plan guide all housing development in a particular county and cover all of the relevant agencies' needs.

~ *Require counties to set goals for redeveloping vacant land and plan for a mix of housing types in close proximity to employment and transportation opportunities while maximizing opportunities to save greenspace.*

~ *Require the housing plan to support the county or regional plan for growth.*

~ *Provide non-categorical funding to counties that plan for housing on a regional or inter-county level.*

IV. *POLITICAL WILL AND PUBLIC BUSINESS PRACTICES*

Changes in law, public policy, financing capacity, and housing strategy will only create value and opportunity out of vacant land if there is the right political will and the best public business practices.

The Commonwealth must make land reclamation and redevelopment one of the core organizing principles of its administration. It is key to preserving and uncovering the competitive advantages of our existing built environment.

On the local level, municipalities and boroughs have to create sound redevelopment strategies backed by the best business practices. These include:

~ *Collecting and analyzing market information*

~ *Creating management systems that maximize public employee productivity*

~ *Encouraging selective partnership or privatization in partnership with the real estate industry and civic groups*

~ *Better use of computerized tracking systems and geographical information systems*

~ *Forming centralized land banks*

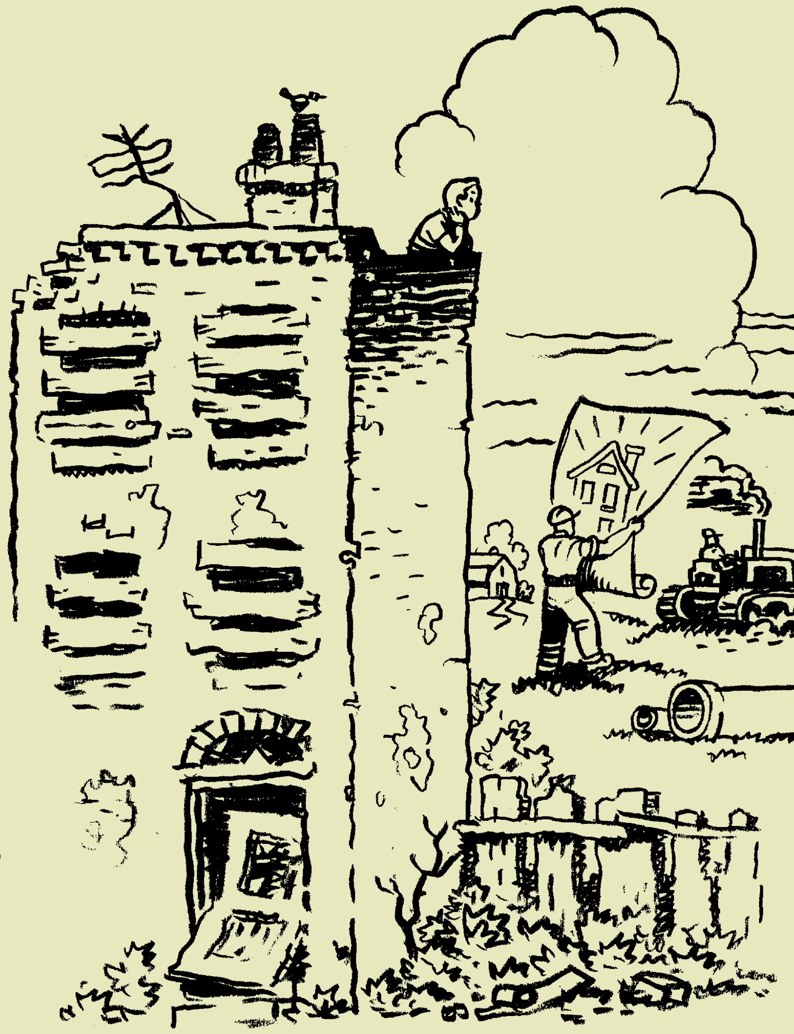
~ *Implementing high quality code enforcement*

~ *Producing benchmarks against which change and productivity can be judged*

~ *Agreeing upon investment priorities that make strategic sense*

Lastly, we support a state approach that rewards performance. We are most interested in rewarding *communities that have established improved business practices around land disposition* and can demonstrate the capacity for timely implementation.

While state legislation provides localities with the basic tools to dispose of vacant land, many communities adhere to antiquated, expensive and time-consuming processes that are not required by law. Localities should be encouraged to eliminate these practices through a state based incentive that rewards innovation and productivity.



Targeting State Policies & Funding *for* quality growth IN METROPOLITAN PHILADELPHIA

By Joanne Denworth

STATE POLICIES MATTER MOST
State policies and funding are key to revitalizing Southeastern Pennsylvania's older communities, reducing sprawl, and attracting jobs that grow incomes. It is state, not national policies, that are primarily responsible for shaping where and how development occurs, through state land use and tax policies and funding and permitting programs. For example, huge federal dollars go into state transportation projects that are often accused of fueling sprawl; but it is state and regional agencies that decide how those federal dollars will be spent in the state.

Constitutionally, states have authority over land use, a fundamental "state rights" issue left to state regulation. Land use laws and policies vary greatly among the states, as does the focus on their importance. It is not only state regulation of planning, zoning and subdivision, water and sewer facilities, stormwater management, and farmland preservation—classic state "land use" subjects—that matter. How state programs function and fund economic development and infrastructure, as well as education, job training, and other investments in human capital are equally important to directing growth and keeping and attracting residents and businesses to the state's communities.

The state's role in setting policy and funding priorities in the following four areas have a critical impact on how our region grows: **land development, transportation planning, water and sewage infrastructure, and economic development.** For metropolitan Philadelphia (as well as other regions of the state), state policies in these areas could change the inefficient, land consuming way our region is growing—or continue the present trends of disinvestment in older communities and sprawl in newer exurban communities.

For Pennsylvania, state policies could be life-giving or contribute further to the comparative stagnation our state is experiencing relative to other states. As a very slow growth state (48th in population growth and 43rd in employment growth in the 1990s), with an extremely fragmented governmental structure for making decisions, Pennsylvania has a hard time competing in today's global economy, which gravitates to strong, well organized regions and economies that provide high quality of life amenities.

REGIONAL ORGANIZATION
TWIN CITIES EXAMPLE

On the importance of regional organization, consider the example of the Twin Cities region of Minneapolis/St. Paul. Arguably without the natural assets that the Philadelphia region enjoys in terms of climate, history, and natural beauty, the region has been in the top three in economic development for many decades. Though it has 188 cities within its seven county region that retain authority over local decisions and participate in regional bodies, many of the functional systems are run by the Metropolitan Council for the entire region—transportation, water and sewer, waste disposal, parks, and an integrated system of bike and walking trails that has been in existence for 40 years.

It is the only region in the country with a tax sharing program, in place since 1971, under which each city contributes 40% of commercial and industrial property tax base to a pool, which generates $300-400 million a year to distribute among its cities depending on their tax capacity and need. Thus, all cities in the region benefit from the Mall of America and other development. Costs of public services are reduced compared to the cost and confusion of having each city attempting to provide for these services.

Based on ongoing research and looking at other state models, we outline the issues facing our region in the four named areas. In the sidebars we highlight some possible solutions.

Land Development

In Pennsylvania, authority to plan and regulate land use is delegated by the state legislature to 67 counties and 2,567 local governments under the Municipalities Planning Code (MPC). Unlike most "smart growth" states, planning in Pennsylvania is optional, plans are purely advisory, and there is no state oversight or review of plans or implementation. Although general consistency between plans and ordinances is now required under the 2000 MPC amendments, the MPC continues to provide that actions of governing bodies cannot be challenged on the ground of inconsistency with comprehensive plans.

Prior to the 2000 amendments, land use law, a combination of the MPC and court decisions interpreting it in the face of constitutional constraints and the lack of any regional directives, contributed to sprawl by requiring each municipality to plan and zone for every use and to accommodate growth by providing for necessary infrastructure regardless of the urban, suburban, or rural character of the community. Legal challenges frequently result in overturning local zoning based on failure to adequately provide for a use, but rarely result in the asserted objective of building affordable housing in the suburbs.

In sum, Pennsylvania's rules have not allowed rural communities to remain rural; and they work against attracting development to our cities and boroughs since it is more profitable for developers to build on farmland or open land in rural townships. Moreover, the prior rules provided no regional mechanisms for coordinating planning, development, transportation, and infrastructure investment among municipalities so as to sustain our many older cities and towns, as well as accommodate new development.

Cities and towns* present Pennsylvania's greatest challenge. Many of Pennsylvania's urban municipalities—56 cities, 962 boroughs, and a number of older developed townships where half of our 12 million people live—are in relative decline as new development occurs further and further out in exurban and rural communities. State and local governments must continue to fund services and activities in older places with shrinking tax revenues, as well as in newly developing places—at increasing cost to taxpayers in both kinds of communities.

With pressure from so many municipalities for state funding to assist their communities with new development projects or maintaining infrastructure, schools, and services, a state process for prioritizing how and where funds are spent and for what public purposes is essential.

SOLUTIONS FOR PENNSYLVANIA: MARYLAND'S SMART GROWTH EXAMPLE

Maryland's Smart Growth program, adopted in 1997, is a nearby model that Pennsylvania could adapt to reflect the different realities of our political structures. The Maryland program builds on its strong planning law with a number of new state initiatives—Priority Funding Areas, Rural Legacy, Live Near Your Work, Brownfields, and Job Creation Tax Credits—to establish standards for state funding and other initiatives that advance the state's overall planning goals for the health of its cities and towns and conservation of its rural lands and resources.

Maryland's Priority Funding Areas program ties state infrastructure spending to approved growth areas identified in county and local plans according to general state criteria. Similarly, Pennsylvania could develop criteria for counties and local governments to identify priority growth areas in and around cities and towns and in newer suburban centers of growth. Areas in all counties, rural as well as urban, would be eligible. Growth areas would include older suburbs, boroughs, and rural villages throughout the Commonwealth. Guiding principles, such as stabilizing neighborhoods, leveraging private investment in growth areas, and relieving pressure on rural lands, would be developed to inform the investment of state funds.

NEW PENNSYLVANIA TOOLS CAN PROVIDE BETTER LAND DEVELOPMENT RESULTS

The 2000 Growing Smarter amendments to Pennsylvania's land use law now authorize municipalities to develop and implement multi-municipal plans that designate growth areas and rural resource areas and target public infrastructure to growth areas. Such plans developed by counties and municipalities (there are now at least 172 multi-municipal initiatives involving 545 municipalities underway), with appropriate state criteria and agency participation, could serve as priority guides for consistent action by all levels of government.

*The word "town" is used here as a general term to refer to boroughs or concentrated, developed areas in our 1,548 townships.

Transportation

Information on state spending for transportation in Southeastern Pennsylvania has been gathered from the Delaware Valley Regional Planning Commission's (DVRPC's) Long Range Plan (2020 and 2025 plans) and the current four year Transportation Improvement Plan (TIP). DVRPC is Southeastern Pennsylvania's Metropolitan Planning Organization (MPO), charged under federal law with developing priorities for transportation funding in this region (5 Pennsylvania counties and 4 New Jersey counties). DVRPC also undertakes regional land use planning on many issues in consultation with county planning commissions and local officials. Their plans are advisory, however, as they have no regulatory or spending authority for land use decisions under state law.

But DVRPC's TIP process, with the approval of PENNDOT *does* determine how state and federal transportation funds are spent. Currently, approximately $950 million in federal (80%) and state (20%) funding is spent in this region annually.

The region's allocation represents a third of Pennsylvania's statewide transportation funds (22% of highway and bridge funds and 69% of transit funds) and 36% of state-generated revenues from fuel taxes and fees. Under the current TIP (FY 2001-2004), 52% of available capital funds go to transit for capital needs (including capital maintenance). Capital needs for transit are largely met, but operating revenues are a problem since the federal government no longer provides operating subsidies for transit, and none can sustain themselves through the fare box alone. Congestion Mitigation and Air Quality (CMAQ) improvement program funds under federal law are given to states for non-attainment areas for projects aimed at meeting Clean Air Act standards. This region is a non-attainment area and will spend $31.25 million on congestion relieving projects (included in above totals) over the next four years.

Transportation and Land Use. Overall, the DVRPC process is a good regional process that results in selecting TIP projects that fund capital improvements for transit and address needed highway and bridge improvements in developed and rural areas of the region on a priority basis. However, many question whether funding could be more targeted to achieve sound land use objectives: enhancing the attraction of developed areas and reducing sprawl in rural areas.

CURRENT MAJOR
TRANSPORTATION PROJECTS

Major highway projects in the region include the 202 expansion through Chester, Montgomery, and Bucks Counties; I-95 upgrades (14 different projects ranging from a few hundred thousand dollars to $85 million); the I-95 Turnpike interchange; feasibility and engineering studies for the Schuylkill Valley Metro; a draft environmental impact statement for improvements, including a possible bypass to Route 41 in southern Chester County; and bridge and maintenance improvements in every county (52% of total highway funds go to maintenance; 17% to new highway capacity).

Several current projects—particularly, the 202-corridor expansion in Bucks County, the proposed Route 41 expansion in southern Chester County, and the Route 100 feasibility study in northern Chester County—have the potential to open up the few remaining rural areas of the region for development.

In large part these projects result from a political process that reflects the transportation interests of each county as they are represented on DVRPC' s Board. Justifications are based on varying factors—safety due to truck traffic from Wilmington (Route 41), response to increased development pressure (Route 100), and a regional interest in having an outer beltway connecting the region (Route 202). These projects are in various stages of development and are very dependent on local politics, pro and con. PENNDOT and regional elected representatives are the final arbiters.

10,000 Friends is working on statewide research aimed at providing a guide for evaluating transportation projects in terms of their potential land use impacts, relationship to county and local land use plans, and their relative consumption of available state and federal funds.

SOLUTIONS: TARGETED PLANNING AND FUNDING TOWARD A REGIONAL TRANSPORTATION VISION

The Targeting State Investment Task Force convened by 10,000 Friends has considered a long-term transportation vision for the region, informed by DVRPC's vision and plan and input from task force members. The task force envisions the region as:

1. Increasingly intermodal, connecting highway, rail, and air transportation and providing more bicycle and pedestrian trails.
2. Placing greater emphasis on rail for improved access to jobs, potential for transit-oriented development, and reduction of traffic congestion and air pollution. A connected commuter rail system could include a medium or light rail Schuylkill Valley Metro from Philadelphia to Reading and a similar, connected Cross County rail from Glenloch in Chester County to Morrisville in Bucks County. From the south, improving the existing rail and highway corridor that connects the industrial area of Delaware County, the airport, Philadelphia, and points north—a corridor supremely situated for the location of new industry.
3. Continuing improvements and maintenance of existing highways, as well as utilizing new technologies, such as ITS (intelligent transportation systems), computerizing alternate route strategies, and making use of alternatives such as shuttle buses to connect specific populations and destinations.
4. Moving freight in the most efficient and safest way possible. Where feasible, placing greater reliance on rail over trucks, building on the region's rail infrastructure.
5. Funding should focus on these projects and highway maintenance rather than further expansion of highways in rural areas.
6. Greater funding for transit needs to be available from state and federal sources. Amending the state's Constitution to allow use of fuel taxes for all modes of transportation would enable the state to match federal funds for rail or other intermodal projects.

Water and Sewer Infrastructure

No comparable regional or county process like DVRPC's TIP exists for planning and spending on water and sewer services in Southeastern Pennsylvania or anywhere else in the state. Water and sewer facilities and services are provided by separate public and private entities that are rarely integrated; nor are they effectively related to county and local land use plans. There are 238 municipal sewage plans, as many as 113 authorities, several large private companies, an unknown number of smaller companies, 5 counties, and at least 3 state agencies, all playing a role in the provision of water and sewer services in the region.

Water and sewer infrastructure is a major inducer of sprawl in Pennsylvania because state and local law and regulations do not clearly link comprehensive land use planning and regulation with water and sewer planning and permitting of new or expanded facilities. Plans are rarely used by municipalities as aggressively as they could be to tie requirements for adequate sewage facilities—public or private—to more dense growth areas and on-lot systems to rural areas.

Although the Pennsylvania Sewage Facilities Act (Act 537) requires each local municipality to adopt a sewage facilities plan that describes existing and projected sewage needs and how they will be met, these plans may be, and routinely are amended by "plan revisions," to allow for new development that may or may not agree with land use plans. The Department of Environmental Protection (DEP) approves plans and plan revisions. DEP requires an initial showing that the sewer plan is consistent with the comprehensive plan and zoning; however, DEP cannot deny plan revisions on the ground of inconsistency with planning or zoning. It is up to municipalities to deny plan revisions based on planning and zoning. They rarely do that, in part because landowners can then request a private revision from DEP to meet their sewage needs.

Developments in more rural areas not served by public sewers depend on individual or community on-lot, package treatment, or other systems. These are paid for by the developer, built into the cost of the house, and turned over to a homeowners association or private company to manage. Such systems are approved by municipalities and DEP in response to development proposals for particular tracts (that often require rezoning or zoning variances also) rather than in accordance with a plan for where growth should go in relation to existing facilities, developed areas, and conservation of rural lands. Private companies providing service are regulated by the Public Utility Commission, not DEP, based on establishing a need for service. Recent amendments to the MPC reversed the original proposed language that would have required provision of water and sewer service, whether public or private, to be consistent with municipal and multi-municipal comprehensive plans. The language now requires only that private companies submit a notice of intent to provide service within a municipality.

Technological advances in on-lot treatment have been recognized by DEP so that some form of alternative individual or community system can be permitted almost anywhere.

WATER & SEWER INFRASTRUCTURE STATEWIDE

According to the Pennsylvania Investment Authority (PENNVEST), created in 1988 to provide funding for clean water infrastructure projects in the Commonwealth, Pennsylvania currently has over 2,500 community drinking water systems, 667 sewage treatment plants, 1,242 sewage collection systems, 700,000 private wells, and 1.1 million on-lot septic systems. "Many of these are inadequate to meet the environmental needs and economic development goals of the state."

SEWERS & SPRAWL

Current research by DVRPC for 10,000 Friends under an EPA grant indicates that while the region's population grew only 3.6% in the 1990s, publicly sewered areas increased 22%. This expansion does not take account of privately sewered lands, which represent almost 34% of all developed land in the region. Of the estimated 97,000 new homes built in the region during the 1990s, one quarter did not utilize existing excess capacity in the region—estimated to be over 155 million gallons per day (gpd) in 2001 and a projected 85 million gpd by 2006.

Permitting is based on whether the discharge from the system as designed and built meets water quality standards for health and safety; it does not take account of cumulative impacts on land and water resources.

Approval of on-lot systems for individual homeowners in rural areas is appropriate and the best treatment if a system that will not cause environmental degradation can be installed on a lot of sufficient size, typically one acre or more. However, approval of community systems for large, more dense developments in rural areas based on zoning changes that are inconsistent with comprehensive plans fosters sprawl, potential environmental degradation, and future public expense to replace failing private systems with public ones.

Pennsylvania's ad hoc approach to providing water and sewers for new development has contributed to the urbanization of new land at 11 times the increase in population growth. Existing public capacity, built at great expense (in Philadelphia and the cities and boroughs) is underutilized while new private systems are built in rural areas. Although state funding, largely through PENNVEST is important for particular water and sewer facilities, state law and regulation are the primary focus for change if there is to be consistency between sound land use planning and water and sewer facility planning and permitting.

SOLUTIONS: PLANNING FOR INFRASTRUCTURE

States that take a strong approach to attracting and managing growth require comprehensive planning of all their municipalities and follow the plan with consistent actions at all levels of government unless the plan is changed for good reason. In Maryland, for example, public and private water and sewer plans and facilities, whether in or out of priority funding areas, must be consistent with county or local land use plans, and facilities will not be permitted by the state agency if they are not.

Pennsylvania's new multi-municipal planning and implementation provisions authorize a regional approach to planning for water and sewer infrastructure and tying public infrastructure to growth areas. If adopted and implemented by cooperating municipalities, the plan will guide the participants, developers, private companies, the state, and the courts in determining whether and where infrastructure for dense development should be approved. However, some changes are needed to state law and regulations to make this approach effective.

RECOMMENDATIONS FOR BETTER WATER AND SEWER INFRASTRUCTURE POLICIES

The MPPC Task Force is considering a number of recommendations on water and sewer policies and funding, including the following:

1. Municipal and multi-municipal official sewer plans should agree with comprehensive land use plans and implementing ordinances by clearly defining growth areas and rural areas based on development densities and specifying the kinds of public or private sewer facilities that will be allowed in each area. Plan revisions should not be approved by municipalities unless consistent with their plans and ordinances.
2. State permitting of public and private water and sewer facilities should be consistent with plans meeting these criteria.
3. The PUC should be required to consider consistency with comprehensive land use plans before granting certificates of convenience to new water and sewer companies or expansions of existing franchise areas.
4. Greater financial assistance should be provided to municipalities for inspecting and regulating on-lot private community systems, and providing incentives to homeowners to encourage testing and proper maintenance of private wells and septic systems.
5. PENNVEST should make more grants on a priority basis for fixing old water and sewer lines in older developed areas to assist in redevelopment of these communities.
6. PENNVEST should fund storm water management measures in cities, boroughs, and older suburbs to address flooding problems from over-development in floodplains.

Economic Development

State spending policies for economic development have a major effect on where projects are located and what communities, businesses, and residents are benefited. Primarily such funds come from the Department of Community and Economic Development (DCED). Team PA, the Governor's Action Team for economic development headquartered in DCED, is able to put together a package of funding from different departments (PENNDOT, PENNVEST, DEP, etc.) to attract a desired economic project.

DCED has invested almost $900 million in this region since 1998. 3.2% of the state's $20.1 billion 2003 budget, or $662.4 million, was targeted for economic development statewide. Regional projects funded include many in suburban areas, such as the prospective $58 million for Vanguard's proposed new 6,000 employee office park at the Turnpike and Route 100; however, urban projects have also been funded, such as $50 million for renovation of the old Philadelphia Electric plant in Chester as a new office complex.

The type of DCED investment is as important as the amount of funding in fostering the economic growth of an area. As a preliminary approach to categorizing what the funding programs are for (industrial development, commercial development, job training, neighborhood improvement, subsidized housing, etc.), we used the Brookings Institution's approach to classification of federal spending programs as social service or poverty alleviating vs. wealth-building programs. Many poverty alleviating programs such as subsidized housing, while important to helping less advantaged people, may not build wealth in a community in terms of increasing jobs and incomes.

The analysis below examines 20 DCED programs that provided more than $3 million dollars each, totaling $351.5 million, for wealth-building activities in relation to class of municipality. Excluded from the analysis are social service programs and programs that are regional or statewide in their impact or benefit.

Programs that fall into the social service category provide for community services, low-income needs, housing, and similar activities. Wealth-building programs represent investment in international trade, business financing, job training, technical assistance, community revitalization, industry enhancement, and similar activities. This analysis, further refined, could serve as a model for assessing how DCED and other state agency funding can be analyzed to better understand the types of funding provided and whom they benefit. Depending on what future research shows, a higher level of funding might be recommended in these areas for older communities.

Whether these funds go to assist new downtown businesses or to support new industrial parks and shopping malls in exurban areas has important consequences for the economic health of older communities in terms of job opportunities, tax ratables, and attracting private investment.

AREA	2000 POPULATION	LOANS	BONDS	GRANTS
First Class City*	1,617,550	$32.57	$25.37	$16.27
3rd Class Cities**	47,692	$126.54	$0.00	$97.51
Boroughs	430,258	$18.98	$79.37	$34.22
1st Class Townships	686,450	$4.19	$106.06	$6.95
2nd Class Townships	1,160,588	$16.39	$68.39	$35.99

* Philadelphia
** Chester and Coatesville

FIGURE I: DCED FUNDS THAT BUILD WEALTH BY MUNICIPAL CLASS
COMPARATIVE ANALYSIS ON A PER CAPITA BASIS
AWARDED TO SOUTHEASTERN PENNSYLVANIA FROM JULY 1998 TO MARCH 2002

USING TAX ABATEMENT PROGRAMS FOR ECONOMIC DEVELOPMENT

LERTAS & TIFS

Among the most important programs in Pennsylvania for economic development are Local Economic Revitalization Tax Assistance (LERTA) and Tax Increment Financing (TIF), which allow local governments to give tax abatements of the property tax for projects that address "blight" under the Urban Redevelopment Law. These programs were enabled by a constitutional amendment to allow non-uniform tax treatment of properties to encourage urban renewal. The statutory definition of "blight" however, is very broad so "blight certifications" for LERTA and TIFs areas by city or county tax departments are sometimes made for the building of new industrial parks and shopping malls in greenfields. Efforts to further expand or eliminate the blight requirement have been proposed in the legislature. Pennsylvania should limit LERTA grants and TIF financing to their original constitutional purpose—to eliminate blight, in areas that need such stimulus to attract development. Blight may exist in suburban and rural as well as urban communities, but rarely exists in greenfields.

KOZS

The Keystone Opportunity Program (KOZ) was instituted during the Ridge Administration to encourage private investment in locally defined blighted and brownfield areas by offering ten year tax abatements of state corporate and county, school district, and local property taxes for qualifying projects. There are 12 KOZ regions in the state on 37,000 acres of developable land. KOZ projects have created 10,000 new jobs since 1999. While the KOZ program is appreciated by local officials, many say there needs to be more flexibility, timeliness, and portability in the program to relate to the marketplace and attract investors.

The bottom line is that state policies and funding on many fronts are major determinants of whether particular communities thrive or languish in terms of growth. Pennsylvania's governance structure and laissez faire approach to how and where development occurs contribute to the impoverishment of older communities and their residents, and exacerbate competition among municipalities for development and tax revenues.

A far better approach that progressive (and growing) states have taken is to establish state criteria and incentives for county and local plans and implementing actions. With strong regional land use plans that are well implemented, Pennsylvania's municipalities could provide certainty and predictability to developers about where development is wanted and needed. The goal should be to harness developers creativity, energy, and investment in ways that allow for new growth, stimulate economic development in our existing cities, towns, and villages, and conserve our historic and rural heritage.

A PLAN!

Metropolitan Philadelphia has engaged in an animated discussion about the interrelated challenges facing our communities over the last couple of years. We understand the devastating consequences our slow growth, unnecessary land development, and shifting population has brought to our cities, suburbs and rural lands. In this follow-up to *Flight or Fight,* we suggest three strategic policy changes to bring new wealth and employment opportunities to the region, to leverage our investment in our older communities, and preserve our farm and forest lands.

TO ATTRACT wealth and jobs to our core city, we provide a detailed game plan for reducing Philadelphia's wage tax and ending its long tenure as the highest tax city in the country.

TO REVITALIZE our older communities while preserving our rural lands, we demonstrate the need for the adoption of clear state land use priorities that encourage the maintenance and expansion of existing infrastructure rather than building duplicative infrastructure on our farm and forest lands.

TO BRING INVESTMENT, jobs and residents to our cities and boroughs we illustrate how the state can help create competitive land and housing products in our cities and boroughs by reclaiming vast expanses of abandoned properties and bringing them into productive reuse.

We invite leaders throughout the region to join in setting a comprehensive metropolitan agenda.

I.

TRANSFORM THE VALUE PROPOSITION BY INVESTING IN A PHILADELPHIA WAGE TAX CUT THAT WILL BRING TAX LEVELS DOWN TO 3.5% FOR COMMUTERS AND RESIDENTS.

To finance the $222 million deficit this will create:

1. Sell or restructure city assets;
2. Borrow money as the city did for its stadiums;
3. Expand city's wage tax to include unearned income; or
4. Reduce city expenditures.

II.

RECLAIM OUR ABANDONED URBAN LAND BY REFORMING STATE LAW AND POLICY.

1. Create hardship waiver for low-value homes within Medicaid Estate Recovery program.
2. Streamline and modernize acquisition and disposition laws by reforming foreclosure law to permit transfer of tax delinquent properties to individuals with the capacity to eliminate blight and redevelop the property rather than to the highest bidder.
3. Reform eminent domain process to allow just compensation reserves to be reinvested in vacant land acquisition if unclaimed by the owner.
4. Increase owner accountability to encourage donation of abandoned properties by criminalizing abandonment and reporting tax liens to credit reporting agencies;
5. Extend brownfield funding to essential pre-development costs and create incentives for major residential developments in new KOZ reauthorizations.
6. Restore housing markets in core communities by using more creative financial tools:
   - Create non-categorical state funding to expand markets,
   - Support employer-assisted housing,
   - Expand PHFA's Homeownership Choice Program,
   - Encourage localities to use Tax Increment financing (TIF's) to develop market rate housing,
   - Increase HRA funds and target towards abandoned land redevelopment activities.
   - Target a portion of private activity bond volume increase to encourage private investment in urban redevelopment projects.
7. Develop a state-wide inventory of abandoned residential land.
8. Give funding preference for new housing on vacant land to municipalities that reduce barriers to affordable housing.
9. Mandate that all state funding decisions be guided by a single local or county plan.

III.

GROW PENNSYLVANIA AND THE REGION THROUGH TARGETED STATE POLICIES AND INVESTMENTS THAT REVITALIZE OUR CITIES AND TOWNS AND FOCUS ON OLD AND NEW CENTERS OF GROWTH. PRIORITIES:

1. Target transportation funding through DVRPC and PENNDOT to improving and maintaining existing highways, and investing increasingly in transit, rail, and other intermodel projects for the movement of people and goods.
2. Target water and sewer infrastructure funding to projects that are consistent with regional plans for growth and conservation developed by counties and local governments.
3. Change state law and regulation to require permitting of public and private water and sewer facilities in accordance with land use plans that define densities and infrastructure requirements for growth and rural areas.
4. Condition grant of PUC certificates of convenience for new water and sewer facilities on consistency with land use plans.
5. Provide increased funding to local governments for monitoring on-lot individual and community sewer systems.
6. Give a higher PENNVEST funding priority to fixing water and sewer lines and addressing storm water management measures in older communities to help attract development to these areas.
7. Use economic development funds to stimulate development and leverage private investment in our cities and towns.
8. Make conservation of historic, natural, recreational, and rural resources an integral part of economic development.

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

SOURCES *RECLAIMING URBAN LAND: A STATE ROLE FOR HELPING CITIES GROW*

Page 14: Karen Black is co-author in her capacity as a policy consultant on issues of abandonment to the Pennsylvania Low Income Housing Coalition. Legal and policy recommendations are taken with permission from a Pennsylvania Low Income Housing Coalition report entitled *Reclaiming Abandoned Pennsylvania (2003)* on which Karen Black was lead researcher and author.

Page 17: Municipal Claims and Tax Liens Act of 1923 (as amended 1956, 53 P.S. Section 7101 et. seq.) which authorizes the city of Philadelphia to sell tax delinquent properties at sheriff's sale to recover unpaid municipal debts.

Page 17: Pennsylvania Urban Redevelopment Law (P.L. 991, May 24, 1945, as amended) Act 1978 - 94 of the Pennsylvania General Assembly.

Page 18: Condemnation Proceedings by Redevelopment Authority of Philadelphia, 339 A.2d 885 (Pa. Commw.), cert. denied, 423 U.S. 1018 (1975).

Page 18: Arizona (ARS 12-991 through 12-999) requires owners of property to take actions that are reasonable and necessary to reduce or eliminate the crime occurring on their properties. http://www.ci.phoenic/az.us/POLICE/abate1,html; Changes to Ohio law and Cleveland's ordinances have transformed traditionally civil violations of the City's Health, Housing, Building, Fire, or Safety Codes into criminal misdemeanor violations. http://www,clevelandhousingcourt.org/common1.html; In San Diego, owners/responsible parties of vacant structures are required to submit for approval a Statement of Intent to bring the property into productive use. San Diego Municipal Code 54.0313. <http://clerkdoc.sannet.gov/Website/mc.html>

Page 18: Kromer, John. "Vacant Property Policy and Practices: Baltimore and Philadelphia," *CEOs for Cities*, October 2002, p. 43.

Page 19: Rendell for Governor, *The Rendell Plan to Revitalize Pennsylvania's Mid-Sized and Smaller Cities, Boroughs and Townships*, Summer/Fall 2002, pages 7-11.

Page 20: The Reinvestment Fund and The Metropolitan Philadelphia Policy Center, *Choices: A Report on the State of the Region's Housing Market*, December 2001, pages 22-27.

TARGETING STATE POLICIES AND FUNDING FOR QUALITY GROWTH IN METROPOLITAN PHILADELPHIA

Page 21: The region had 3% population growth from 1982-1997, but increased its developed land by 33%. U.S. Census and National Resources Inventory.

Page 21: Orfield, *American Metropolitics,* 2002; Florida, *Competing in the Age of Talent: Quality of Place and the New Economy,* January 2000.

Page 22: Orfield.

Page 22: Noonan, "Smart Growth Comes to Philadelphia," *Greater Philadelphia Regional Review,* Winter 2002.

Page 23: See DVRPC's website for a complete list of projects: www.dvrpc.org.

Page 24: www.pennvest.state.pa.us.

Page 24: Discussion is based on an analysis of Act 537, 35 P.S. §750.1 *et seq.*, and implementing regulation, 25 PA Code Chapter 71, and ongoing research including case studies of six suburban municipalities in the path of growth.

Page 24: See *Investing in Clean Water: A Report from the Southwestern Pennsylvania Water and Sewer Infrastructure Project Steering Committee,* Allegheny Conference, Pennsylvania Economy League, Western Division, April 2002, for documentation of impacts and costs of failing private systems.

Page 26: Joseph Persky and Haydar Kurban, *Do Federal Funds Better Support Cities or Suburbs?, A Spatial Analysis of Federal Spending in the Chicago Metropolis*, Brookings Institution (November 2001).

Page 27: See further discussion in Denworth et al., *Planning Beyond Boundaries,* 10,000 Friends, 2002.

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We also gratefully acknowledge the invaluable assistance of Drinker Biddle & Reath LLP, whose lawyers provided pro bono legal research and analysis relating to many of the issues discussed in "Reclaiming Urban Land" on pages 14 to 20.

Design: Rutka Weadock Design
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THE FIGHT FOR METROPOLITAN PHILADELPHIA

an agenda

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