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Protecting Philadelphia's Backbone: A Strategy for Vital Neighborhoods

Paul C. Brophy and Thomas Burns

Commissioned and Issued by NeighborhoodsNow / Winter 2010

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ABOUT THE AUTHORS

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THOMAS BURNS

Thomas Burns is a strategic planning and evaluation consultant with nearly 30 years of experience in the public, private, and nonprofit sectors. He is currently Managing Director of the consulting firm Urban Ventures Group, Inc., which he founded in 2003 to offer planning and program development support to foundations and nonprofits concerned with urban revitalization. Mr. Burns has directed projects in management development, organizational design and restructuring, financial planning and multi-organizational collaboration, as well as strategic planning. Over the past decade he has advised locally sponsored housing and community development partnerships in Cleveland, Detroit, Indianapolis, Pittsburgh, and Philadelphia. Previously, Mr. Burns was founding Director of the OMG Center for Collaborative Learning; he was also on the faculty of the Wharton School at the University of Pennsylvania, served as a Group Director at the Fels Center of Government, and was a senior member of the research staff of Wharton's Management and Behavioral Science Center. Mr. Burns has written a variety of articles and monographs, including the 2007 book *Going Comprehensive: Anatomy of an Initiative that Worked*, with Anita Miller. He holds an undergraduate degree in architecture, a Master's degree in management and urban planning, and a Ph.D. from the Wharton School of the University of Pennsylvania.

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ABOUT NEIGHBORHOODSNOW

Since 2006, the nonprofit organization NeighborhoodsNow has developed market-driven programs to improve the health and competitiveness of Philadelphia's low- and moderate-income neighborhoods. NeighborhoodsNow is an outgrowth of an earlier community development program, the Philadelphia Neighborhood Development Collaborative (PNDC), which successfully delivered operating and capacity-building support for more than a decade to community development corporations (CDC) throughout the city.

After completing a thorough strategic review in 2009, the board of NeighborhoodsNow decided to wind down its operations and merge its programs with other entities while they are strong and viable and can ensure a return on investment for current funders. In a cooperative effort with the City of Philadelphia's Office of Housing and Community Development, NeighborhoodsNow chose to award its Vital Neighborhoods program and associated funding to the Preservation Alliance for Greater Philadelphia.

ABOUT THE NEW VITAL NEIGHBORHOODS MANAGEMENT TEAM

The Preservation Alliance's mission is to actively promote the appreciation, protection, and appropriate use and development of the Philadelphia region's historic buildings, communities, and landscapes. The Preservation Alliance accomplishes its mission through programs in five areas: advo-

cacy and public education; member services and special events; neighborhood preservation programs; regional initiatives and special projects; and preservation easements. In recent years, it has developed a strong neighborhood preservation program that includes workshops for homeowners and community organizations, grants to low- and moderate -income homeowners and such special events as The Old House Fair and a bi-annual conference on neighborhood preservation. In view of the Preservation Alliance's increased emphasis on the preservation of Philadelphia's neighborhoods, this shift of responsibility for the Vital Neighborhoods program is entirely appropriate.

The Preservation Alliance is the lead partner and will assume the majority of the Vital Neighborhoods program management responsibility. It will be supported in this role by the Center for Architecture and the Community Design Collaborative. The Center for Architecture, established in 2002 to carry out the charitable interests of Philadelphia architects, achieves its mission through three program areas: public engagement, collaboration, and design excellence. The Community Design Collaborative provides pro bono predevelopment design services to nonprofit organizations, offers unique volunteer opportunities for design professionals, and raises awareness about the importance of design in community revitalization.

Protecting Philadelphia's Backbone: A Strategy for Vital Neighborhoods

Paul C. Brophy and Thomas Burns

FOREWORD

This paper describes a strategy to improve the overall well-being of Philadelphia by putting middle-market or vital neighborhoods on a positive trajectory—one that has them becoming stronger and more desirable places to live. *Protecting Philadelphia's Backbone: A Strategy for Vital Neighborhoods* is shaped by the understanding that the longer-term economic and social well being of Philadelphia is inextricably tied to the future of these neighborhoods. Moderate- and middle-income neighborhoods, many of which appear stable, are under enormous stress. Homeowners are aging, maintenance is deferred, and foreclosure rates are high. Yet, these neighborhoods also have many assets—strong neighborhood associations, determined leadership, and conditions that make them attractive to new homeowners. Helping these neighborhoods improve should be part of any strategy aimed at preserving and growing the city's tax base.

For decades Philadelphia has struggled with the challenges common to older industrial cities: population loss, neighborhood disinvestment, deteriorating infrastructure, a weakening tax base, a high poverty rate, and other social ills. In combating these challenges, Philadelphia has primarily focused on slowing or reversing decline in our most severely distressed neighborhoods. This paper advocates a focus that can complement the City's current strategy. Early, relatively inexpensive interventions to strengthen the markets in the city's vital neighborhoods will protect one of the city's most precious assets, prevent foreseeable problems, and avoid costly fixes years down the line. Acting now to preserve the quality of life of our vital neighborhoods will not only avoid deterioration, but will also continue to make

these areas available to working middle-income people who want to live in Philadelphia.

Starting in 2006, NeighborhoodsNow supported investments in vital neighborhoods, with modest success. Early in 2009, the City of Philadelphia and NeighborhoodsNow convened a Roundtable to broaden understanding of the opportunities to strengthen these vital neighborhoods and to share promising practices from here and elsewhere. Following the Roundtable, the City of Philadelphia's Office of Housing and Community Development committed additional seed money to advance a targeted preservation approach in several neighborhoods.

Now the opportunity exists to join with places such as Baltimore that have developed much more far-reaching and integrated public-private sector investment strategies that are ensuring that moderate- and middle-income communities remain viable—where it makes economic and emotional sense for people to invest time, money,

and energy. Drawing on their expertise and extensive knowledge of national best practices, Brophy and Burns make a compelling argument in this paper for carefully targeted financial investments in these neighborhoods. They establish a road map from which to navigate toward a more robust public-private preservation strategy for vital neighborhoods.

NeighborhoodsNow hopes this paper and the dialogue that it inspires position city government, philanthropy, and community partners to work together to strengthen these vital neighborhoods now.

Beverly Coleman

BACKGROUND

Like many older industrial cities making a transition to a new economy, Philadelphia continues to strive to rebuild its population. Upon taking office in January 2008, Mayor Nutter set a goal to increase the city population by 75,000 over ten years. The good news reported in December 2009¹ is that, for the first time in over 50 years, the city population was growing. This is good news indeed since the city's long-term economic viability is tied directly to its ability to retain and attract residents. The current economic climate and real estate crisis makes this goal of population growth particularly daunting.

These neighborhoods constitute the backbone of the city in geographic as well as economic terms.

To achieve this goal, the city first cannot afford to lose its current population, especially middle-income persons. Increasing the population will require an array of strategic and creative measures. This report addresses one key approach to retaining and building population—strengthening the vital neighborhoods that are now home to a significant proportion of the city's working class and moderate-income families. These neighborhoods are not currently severely deteriorated, nor are they undergoing a robust real estate market

recovery; their residents aren't wealthy but they are by no means poor. They comprise what we call the "middle-income market," and they constitute the backbone of the city in geographic as well as economic terms.

This report outlines a strategy for promoting development and preservation of these neighborhoods as attractive, competitive communities that are both mixed-income and often mixed-race. Keeping these neighborhoods vital means that the residents feel it makes economic and emotional sense for them to continue to invest their time, energy, and money there. This, in turn, supports communities in being able to negotiate neighborhood-related issues and successfully manage their own change. Strengthening these vital neighborhoods also draws in newcomers seeking places to invest. We propose relatively low-cost approaches that other cities like Baltimore are already employing, with successful results.

Maintaining the health of these neighborhoods benefits the city as a whole. These areas are now largely stable, which means they contribute to the overall economy of the city. But it's clear they could easily decline, particularly in the wake of the economic downturn and increasing foreclosures. In this fiscal climate, a modest investment of scarce public dollars would support this administration's declared goal for population growth and help prevent further erosion of the city's property tax base.

¹St. John Barned-Smith, "Hey, Philly: You're bigger!" (*Philadelphia Daily News*, December 2, 2009.) Posted on www.philly.com; accessed January 12, 2010.

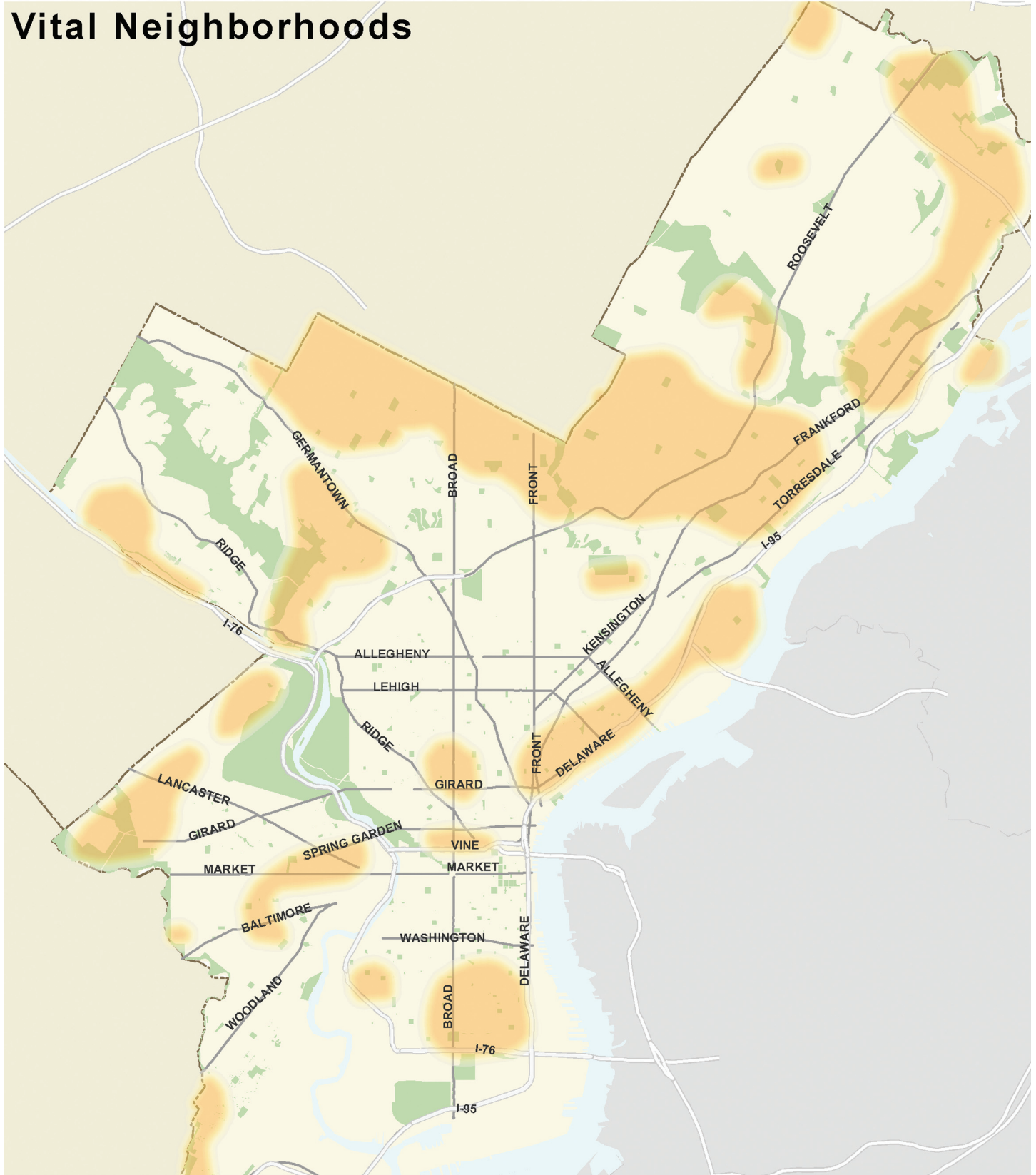
THE NEIGHBORHOODS AT RISK

Many of us have friends or family members who fit this profile: they have lived for years—even decades—in the same Philadelphia neighborhood. They want to do better, and they want their kids to do better than they've done. They maintain their homes meticulously, know most of the people on their block, send their kids to public school, and run errands at the corner store. Thousands of Philadelphians like this keep these neighborhoods vital, and their real estate taxes comprise a significant percentage of the city's revenue. These residents are committed to living in the city and want to invest where they live. However, many are concerned that the value of their homes may be declining—even though they, themselves, have invested in and remained committed to these neighborhoods.

The neighborhoods deemed as “vital” encompass a fairly broad cross-section of Philly's “bread and butter” neighborhoods. They include parts of Germantown, East Mount Airy, and West Oak Lane in Northwest Philadelphia; the Wynnefield area in West Philadelphia; and a large area in Frankford. And there are many more neighborhoods scattered throughout the city with similar demographics. The map on the next page shows clearly that these vital neighborhoods can be found throughout Philadelphia, in every one of the city's Council Districts.

These vital neighborhoods can be found throughout Philadelphia, in every one of the city's Council Districts.

Vital Neighborhoods



The Reinvestment Fund used Market Value Analysis (MVA), a tool it developed, to create this map. MVA, which is based on a comprehensive set of data detailing real estate markets at a fine level of specificity, is designed to facilitate decision-making about the allocation of financial resources and programmatic interventions.

The residents of these neighborhoods pay a substantial portion of the city's wage and property taxes.

CHARACTERIZING PHILADELPHIA'S VITAL NEIGHBORHOODS

One of the key lessons from neighborhood and community development over the past 20 years is that markets matter. Most people have choices about where they live. Neighborhoods compete to attract residents and compete for all kinds of investment—those that residents make in buying or improving homes, that property owners make in providing rental housing, and that merchants make running businesses there.

A combination of assets affects the strength of the neighborhood markets, making some more attractive to potential residents than others. Assets can include:

- geography or access to transportation
- the kind and quality of the housing stock
- nearby shopping options
- parks and recreational amenities
- schools, churches, and other institutions
- safety or sense of neighborliness.

One of the key variables in whether a neighborhood competes well is how current and potential investors perceive its future. A neighborhood viewed as stagnant or at imminent risk of decline attracts little or no interest from investors. Alternatively, a neighborhood regarded as stable and healthy—or better yet, as “up-and-coming”—continues to attract new residents and further investment.

These “middle-market,” backbone neighborhoods to which we refer are home to many of the city's working families—mostly blue- and

white-collar workers—who own their own homes. These areas are affordable and desirable for first-time homebuyers who choose to remain in the city rather than move to the suburbs. They also have the potential to attract suburban homebuyers back to the city. Perhaps most critically, the residents of these neighborhoods pay a substantial portion of the city's wage and property taxes.

CHARACTERISTICS OF PHILADELPHIA'S VITAL NEIGHBORHOODS

- Have an estimated population of 429,000, approximately 29% of the city's total population
- Are 65.9% percent owner-occupied, as compared with 58.9% percent citywide. This represents 34.0% of all owner-occupied households in the city
- Have median residential sale prices of \$127,500, compared with \$115,000 citywide for 2008–09
- Have a median household income of \$41,680 vs. \$37,322 citywide in 2009
- Have 33.3% of all residential foreclosure filings in 2008–09

Source: *The Reinvestment Fund*

The future of these neighborhoods depends on managing the market conditions and challenges they are encountering, so that current and prospective new residents can become confident about and invest in these areas.

According to a recent analysis by The Reinvestment Fund (TRF), these vital neighborhoods are home to more 429,000 of Philadelphia's residents—nearly 30 percent of the city's population. With more than a third of Philadelphia's entire housing stock, they have a higher level of owner-occupied housing than most other neighborhoods in the city. These areas have houses priced in the upper-middle range of the city's housing market, healthy sales, and low vacancies.

Many of these neighborhoods are also experiencing signs of increasing stress, with rising foreclosure rates and a still small but growing number of properties with outstanding tax liens. The future of these neighborhoods depends on managing the market conditions and challenges they are encountering, so that current and prospective new residents can become confident about and invest in these areas.

Although these neighborhoods are quite diverse physically, they share some fairly stable assets: public transportation, access to parks and rec-

reational facilities, tree-lined streets, schools and libraries, and established neighborhood institutions. These are not neighborhoods that typically attract high-end newcomers, but the current residents do have the resources to choose where they live. They will “vote with their feet” and relocate—albeit reluctantly—if the quality of life in the neighborhood deteriorates too far. Some housing stock may already show signs of neglect, and the number of vacant properties may be growing. In cases of benign neglect, minor interventions can have a significant impact on the appearance of the area and the attitude of its residents.

However, the residential population of many of these areas is aging, and the percentage of seniors living on fixed incomes is growing. This means that much-needed repairs and maintenance are harder for residents to do and more difficult for them to afford. In some neighborhoods there may also be rising concerns about crime and safety. Over time, these trends undermine resident confidence in the neighborhood housing market, and make these neighborhoods less attractive to new homebuyers.

The current residents will “vote with their feet” and relocate—albeit reluctantly—if the quality of life in the neighborhood deteriorates too far.

AN OUNCE OF PREVENTION

Benjamin Franklin said that “an ounce of prevention is worth a pound of cure” when he established Philadelphia’s fledgling fire companies, and this has never been more true for our city. Early, inexpensive intervention to prevent foreseeable problems is more efficient economically than costly emergency fixes after the fact. To follow this adage by investing in our vital neighborhoods is to protect one of the city’s most precious resources. Ensuring their stability is to ensure Philadelphia’s future.

Funds for neighborhood improvement are not only scarce, but they are available almost entirely for programs and initiatives targeted at areas that are already severely distressed—to address decades of disinvestment, respond to affordable housing needs, and help restart the markets. These programs will continue to be critically important, but Philadelphia’s vital neighborhoods also require intervention. We need to take action to stabilize and preserve neighborhoods that are currently at risk.

At present there are virtually no dedicated funds available to strengthen the neighborhoods described here. What the city does devote to neighborhood revitalization are almost exclusively federal funds, which are income-restricted and cannot be used in the majority of neighborhoods that we are characterizing here as “vital.” They are not the focus of programs sponsored by state and local government. This means that the future of these neighborhoods is uncertain. Without sustained intervention now, their decline is likely and will have negative consequences for

the entire city. There is a real potential for further losses of tax revenue and of middle-income families, further polarizing Philadelphia into a city of residents who are either poor or wealthy.

Tom Ferrick Jr., was a writer and columnist for the *Philadelphia Inquirer* for 10 years and is currently senior editor for *Metropolis* (www.phlmetropolis.com):

“There is a group of people I call the ‘aspiring class,’ who want a better life for their children than they had themselves, and they believe the path to this better life is a good education. These individuals are not defined by income level or race—they are poor as well as wealthy and middle-class. They are black, Asian, Latino, and white. They are the reason there are 27,000 people on the waiting lists for charter schools in Philadelphia. The members of the aspiring class are most affected when city library branches close, because they go there regularly with their children. They use the local recreation centers. The aspiring class brings stability to city neighborhoods—many, but not all, of them are homeowners, and issues of safety and neighborhood cleanliness are of the utmost importance. Another defining characteristic: the aspiring class gets too little attention from policymakers, who are trying to attend to the poorest of the city’s residents.”

By bringing a commitment to partner with neighborhood groups, City Council leaders, foundations, and other civic stakeholders to stimulate commitment to and investment in Philly's vital neighborhoods, the Nutter Administration will put these neighborhoods and the city as a whole on a positive trajectory.

Bob Inman, Professor of Finance and Economics at Wharton, has written extensively on how to sustain prosperous, livable cities in today's fast-evolving economy:

"In addition to good transportation and other services, neighborhoods that are home to the city's mid-market earners and owners are critical to the health of the Philadelphia economy. This must remain so for the continued stability and future growth of the city overall."

BUILDING ON EXISTING EFFORTS

NeighborhoodsNow co-hosted a Roundtable on vital neighborhoods with City leaders in February 2009. The City's Office of Housing and Community Development has allocated \$200,000 in year 35 Community Development Block Grant (CDBG) funding to support implementation of a Vital Neighborhoods program and to provide financial and technical support to the target neighborhoods. Senior staff at the Philadelphia Commerce Department and the Office of Housing and Community Development (OHCD) have been strong supporters of Vital Neighborhoods and the earlier Healthy Neighborhoods program, especially in administering CDBG funding for eligible areas.

The role of City leadership in supporting our vital neighborhoods is critical; while the City government should not directly operate neighborhood development programs, it must provide reasonable, non-income restricted financial support and act as a fully invested partner with the agents who run these improvement efforts.

The city is having success with programs designed to handle the high foreclosure rates of the past several years. Programs like the Mortgage Foreclosure Prevention Program—which mandates that lenders meet with homeowners as part of a formal mediating process—are essential in the face of the foreclosure crisis.

City government must provide reasonable, non-income restricted financial support and act as a fully invested partner with the agents who run these improvement efforts.

However, while this program helps to avoid foreclosures, more work must be done to address the broader impacts that are on the horizon for the residents of vital neighborhoods. The positive developments made in these neighborhoods in recent years are vulnerable to being quickly reversed, as foreclosures remain high and home values continue to stagnate and, in some cases,

fall. Spillover effects can include increased crime and vandalism as well as flight and disinvestment from the neighborhood.

Philadelphia must act now to determine what is feasible and what is best for our vital neighborhoods and take targeted, strategic action. The City must identify non-income restricted funds that offer greater flexibility to undertake targeted strategic initiatives in these vital neighborhoods.

PRINCIPLES FOR HELPING PHILADELPHIA'S VITAL NEIGHBORHOODS

Philadelphia would not be the first U.S. city to undertake initiatives that invest in neighborhoods at risk—or on the cusp—of decline. Baltimore's Healthy Neighborhoods program, Richmond's Neighborhoods in Bloom, and Chattanooga's Neighborhood Preservation Program have already committed to making their own "vital" neighborhoods good places to live and invest. These cities understand that strengthening these neighborhoods is fundamental to the future health of the entire city, and accordingly have already broadly embraced efforts to increase the attractiveness of their vital neighborhoods. Even more important, their experience shows that the improvements are not causing gentrification; the people moving into these areas are of similar demographics to the people who live there already.

Most importantly, the actions of Baltimore, Richmond, and Chattanooga demonstrate that it is a legitimate public purpose to improve these areas, and that the housing policy for these neighborhoods is an essential complement to a more traditional affordable housing strategy to help

people get into good homes. These programs strive to stabilize and increase home values, recognizing that increases in home values build equity and wealth for the residents who live there. In addition, these programs benefit their cities as a whole, by shoring up the tax base and expanding options for residents. In fact, Baltimore's Healthy Neighborhoods, Inc. (HNI) focuses on improving its vital neighborhoods, and a separate effort called Live Baltimore markets the city and its neighborhoods as attractive places to live, work, and invest.

Baltimore's Healthy Neighborhoods, Inc. www.healthyneighborhoods.org

The organization helps strong but undervalued Baltimore neighborhoods increase home values, market their communities, create high standards for property improvements, and forge strong connections among neighbors. Measurable results to date have included:

- Increased home values
- An expanded tax base
- Decreased time on market of homes for sale
- Increased home-equity investment

An initial investment began as a pilot program of the Baltimore Community Foundation in 2000, to develop market strategies that benefit neighborhoods with significant assets but stagnant real estate values. The corporation was created in 2004 as a partnership of banks, foundations, government, and community organizations. To date, HNI has organized an innovative \$40 million below-market loan pool for purchase, refinance, rehabilitation, and home improvement by homeowners, and has closed 130 loans totaling \$24 million (through August 2009).

Live Baltimore

www.livebaltimore.com

This program strives to grow the city's population by providing education and marketing outreach, to find and deliver consumers for city living, increase the residential tax base, realize no net loss in the city's annual population, and promote positive attributes of city living to influence public perceptions. Outreach and marketing activities include:

- A **"Home Center"** where prospective residents meet with real estate agents
- **Website:** 500 active pages and 120 neighborhood profiles
- **Ambassadors:** 1,400 and growing, with a resident referral system
- **Education Programs:** down payment and closing cost assistance, special home purchase and rehabilitation loans, and city tax incentives
- **Events:** Regular networking opportunities, fairs, and tours
- **City Resource Guide** for prospective residents.

These programs generally follow similar principles:

1. **Improving the neighborhood by working from the strongest areas outward.** This approach targets neighborhood improvement by building on the assets rather than by fixing the biggest problems. This principle may appear to be counterintuitive, but building from the strongest areas spreads market strength and avoids the common problem of having investments made in weak areas chewed up by decline. This

Building from the strongest areas spreads market strength and avoids the common problem of having investments made in weak areas chewed up by decline.

strategy gains momentum based on success that can be reinvested, improvement by improvement, until it impacts the entire neighborhood. For example, if a quality school is an asset for a particular neighborhood, then efforts should focus on building additional support in the community for that school. This could mean working with the school principal and staff to offer additional access to school facilities or to afterschool activities. Helping the residents to connect with the school as a resource is one approach to neighborhood improvement.

- 2. Supporting residents in working together to establish and strengthen individual neighborhood identities by focusing on strengths.** This is often accomplished by direct neighbor-to-neighbor contact, in which residents focus on what they like about their neighborhood, and not on its liabilities. As a starting point, everyone should know the name of their neighborhood and be able to articulate the key reasons for living there. There should be general agreement about what is important and why most people choose to live there. Knowing neighborhood history helps to build this solidarity, as do programs like walking tours, community newsletters published by residents, etc.
- 3. Helping residents become spokespeople and “sales agents” for the area.** These programs can help organize active residents to speak articulately about their neighborhoods and actively promote its virtues to friends, relatives, and co-workers. Baltimore uses the terms “Neighborhood Ambassadors” or “‘I Love City Life’ Ambassadors” for its program of city residents who are actively involved in the community and volunteer at neighborhood events and other opportunities.
- 4. Helping people of all income levels to invest in their properties by making it easier and faster to get financing to make home improvements.** To encourage people to invest in their properties, Baltimore has arranged with a group of lenders to provide home improvement loans and home mortgages at slightly below-market

prices, which residents can access in an expedited manner. Special efforts may also be needed in Philadelphia to address foreclosure problems in neighborhoods where foreclosures are increasing.

- 5. Marketing the neighborhood and its assets to people who may want to move in—and knowing the market segments that are likely to move into the neighborhood.** A key starting point is simply to market the neighborhoods to people with similar income levels, and to be strategic in reaching out to those who would find the neighborhoods attractive as a place to live and invest.
- 6. Tackling crime aggressively.** People do not choose to live in unsafe neighborhoods.

A key starting point is simply to market the neighborhoods to people with similar income levels.

- 7. Cleaning up physical problems in the neighborhood.** Vacant homes, abandoned cars, and vacant and littered lots must be tackled to improve the look of the neighborhood. Philadelphia already offers as a model the vacant land treatment program created by New Kensington CDC, along with The Pennsylvania Horticultural Society, which is a bottoms-up approach to controlling abandoned land.

8. Helping residents to be directly involved and take personal responsibility to improve their blocks physically, through small, inexpensive programs. Not only do greening, improved lighting, and other efforts help to beautify a neighborhood, but the process of making the improvements also helps to create a community fabric. Contrary to conventional beliefs about neighborhood revitalization, the effective strategy is to go to the strongest block in an area and support its park or school, rather than just focusing on a group of kids causing trouble on a corner. Rather than merely focusing on solving problems, the efforts should build on the existing strengths of these areas—leveraging them in order to make them even stronger and more self-sustaining. In addition to supporting residents in investing in their own properties and acting as agents for their neighborhood, we want them to take action that helps them to feel a sense of ownership of and connection to where they live.

9. Building community spirit through picnics, block parties, and other festive events. These activities make it fun to live in the neighborhood and build stronger bridges among different groups (young and old, schools and community, etc.). Residents feel that living in a good neighborhood is about people enjoying living together, not about them spending time solving problems. Encouraging events to celebrate the quality of life that people have chosen helps to build community spirit.

10. Comprehensive thinking about how the different pieces of the neighborhood fit together and reinforce one another. This may lead to different strategies for different places—a focus on “aging in place” for neighborhoods with large numbers of seniors, a school-focused strategy to increase resident involvement in school improvement efforts, and similar targeted approaches.

Please note that a number of critical elements underlie each of these principles:

- *They assume and require that residents, merchants, property owners, and neighborhood institutions take responsibility for improving their neighborhood.*
- *Government needs to be supportive—but not lead the process.* Government identification with neighborhood improvement efforts can have the unintended consequence of damaging neighborhood confidence, by sending the message that the neighborhood is bad enough to need governmental support. Government’s role is to make the streets safe, invest in infrastructure as needed, pick up trash and keep the neighborhood clean, improve schools so parents are confident that their kids are learning enough to be able to make a living as adults.
- *The specifics of execution in each neighborhood will—and should—vary.* This is by no means a “neighborhood improvement by formula,” but rather an approach that seeks to unleash invention and creativity at the neighborhood level.

- *There are many forces working against the improvement of these areas.* Although these neighborhoods may seem “good enough” to some, there is hard work ahead to ensure that they are on the path to becoming improved places to live and invest.
- *The neighborhoods involved must be carefully selected.* They must be large enough that their improvement can spread to bordering areas, yet small enough that change is visible over a year or two. Residents and outsiders alike need to develop a growing confidence that the neighborhood is on the road to improvement.
- *A nonprofit organization is essential as the intermediary between neighborhood leadership, City government, the School Board, lenders, and other partners.* Like HNI, in Baltimore, this organization’s role is to help neighborhood leaders develop and implement improvement programs, help to market the neighborhoods, work with lenders to make loans available in these areas, and work closely with City government on deploying its programs, services, and capital in these areas. There are a number of organizations in Philadelphia that could play this role, and, if this approach is to proceed—even on a pilot basis—City government, Philadelphia foundations, and others need to reach consensus on which group should play this role.

A Program Example:

Neighborhoods in Bloom, Richmond, VA

Richmond launched Neighborhoods in Bloom (NiB), a strategy that concentrated CDBG, HOME, general fund projects, and service resources in a few neighborhoods for a period sufficient to achieve a critical mass that leveraged for-profit investment.

Between startup in 1999 and February 2004, roughly \$16.6 MM was invested in 300 city blocks. LISC also invested \$4.7 MM in these areas. The funds and services provided by the City focused on code enforcement, tax delinquent sales and property disposition priority, accelerated historic preservation review, and housing counseling.

An evaluation of NiB found that where City expenditures exceeded \$261,000 per census tract, neighborhood trajectories were altered. Similarly, there were larger positive impacts when a block received at least \$21,000 site-specific and roughly \$9,000 infrastructure investment on average. Increases in property tax revenue due to NiB were estimated at \$13.2 MM.

Source: Targeting Investments for Neighborhood Revitalization. George Galster, Peter Tatian, and John Accordino. Journal of the American Planning Association, vol. 72, no. 4, Autumn 2006.

MOVING AHEAD: STEPS TO LAUNCH A PROGRAM TO PROTECT PHILADELPHIA'S VITAL NEIGHBORHOODS

The City needs to commit to improved services in these neighborhoods and to financial support for a nonprofit serving as the program host. Although its support is critical, City government should not be visible in running a program that will improve these neighborhoods.

An initial program could be established in Philadelphia with an annual budget of no more than \$1 million.

Already the City's Department of Commerce, the Office of Housing and Community Development, and NeighborhoodsNow worked together to select three neighborhoods to serve as pilot efforts to demonstrate the Vital Neighborhoods approach. The criteria for choosing these neighborhoods were threefold:

1. an analysis from TRF on the market conditions in these areas
2. opportunities for market improvements in the target neighborhoods, to complement other significant investments in public and private revitalization
3. sufficient interest, capacity, and commitment from resident associations in the target neighborhoods, since this is such an essential part of the model.

WHAT WOULD IT COST?

The program is not expensive. As a point of reference, Baltimore provides \$40,000 per neighborhood for staffing and modest funds for block improvements. Baltimore's HNI currently supports 15 nonprofits that serve 35 neighborhoods. The operating unit that serves the selected neighborhoods has a small, highly skilled professional staff and operates with a budget of under \$500,000. Funds are provided by the City and by local foundations. Taking the Baltimore case as a starting point, an initial program could be established in Philadelphia with an annual budget commitment of no more than \$1 million. As small an amount of funding as possible should be income restricted. The City need not be the only source of support for the program. Thus it will be important for relevant foundations, banks, and corporations that may be candidates to provide charitable dollars.

A PROACTIVE INVESTMENT

If we take to heart Franklin's advice about an ounce of prevention, then we need to shift our attention and resources from crisis management to crisis prevention. We've been slow to adopt this, as individuals and collectively as a city, but our approach to neighborhood improvement would benefit from exactly this kind of planning. The proposed program takes seriously the reality that—unless we take action now to help—Philly's vital neighborhoods are likely to need significantly more in the way of non-income restricted public expenditures in the future. Where will those funds come from in a municipal tax base that is already experiencing enormous stress?

The fact that these neighborhoods are "vital" means, of course, that it is possible that they could become stronger on their own—without any help from government or the philanthropic sector. Yet it is not responsible for local leaders to leave to chance such a critical aspect of our city. More purposeful action is essential to guarantee that we can rely on this resource for decades to come.

“Philadelphia is blessed to have a group of vital neighborhoods—places where some of our proudest, most dedicated residents call home. The residents have kept these neighborhoods strong, out of love of their communities and for their city. The proposed Vital Neighborhoods program is intended to support their work, so that these neighborhoods become even more attractive as places to live and do business in the foreseeable future.”

—City Councilwoman Marian B. Tasco

Avenue of the Arts **Callowhill** Chinatown Elfreth's Alley Fitler
Square Franklinton Logan Square Jeweler's Row Market
East **Old City** Museum District Penn Center Penn's Land-
ing Rittenhouse Square Society Hill **South Street** Washing-
ton Square West Bella Vista Passyunk Square Grays Ferry
Hawthorne Italian Market **Moyamensing** Newbold Pack-
er Park Pennsport Point Breeze Queen Village Schuylkill
Southwark Graduate Hospital **Tasker** Wharton Whitman Wil-
son Park Angora Bartram Village Clearview **Kingsessing**
Eastwick Elmwood Park Hedgerow Hog Island Mount
Moriah Paschall Penrose Belmont District Carroll Park Ca-
thedral Park **Cedar Park** Cobbs Creek Dunlap Garden Court
Haddington Haverford **Mantua** Mill Creek Overbrook **Park-**
side Powelton Village **Overbrook Park** Saunders Park Spruce

For information about the Vital Neighborhoods program, please contact the Preservation Alliance for Greater Philadelphia at 215.546.1146 or www.preservationalliance.com.

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Hill University City Overbrook Farms Walnut Hill Woodland
Terrace **Wynnefield Heights** Fairmount Park Spruce
Hill Walnut Hill Woodland Terrace Chestnut Hill **Germantown**
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dorra East Falls Manayunk **Roxborough** Wissahickon **Brewery-**
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Allegheny West Franklinville Glenwood Hunting Park Nic-
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Ogontz Olney West Oak Lane Bustleton Millbrook Penny-
pack Somerton **Torresdale** Upper **Holmesburg** Winchester Park