

Expanding Economic Opportunities & Revitalizing Neighborhoods



A Report on the Philadelphia CDC Tax Credit Program

produced by the Philadelphia Association of Community Development Corporations

October 2008

Our Mission

PACDC is dedicated to advocacy, policy development and technical assistance for community development corporations and other organizations in their efforts to rebuild communities and revitalize neighborhoods.

Our Vision

Vibrant and diverse neighborhoods across Philadelphia that equitably meet the needs of all community members, preserve and enhance community assets, and foster a stronger city and region.

Our Strategy

Through our policy and advocacy work, we strive to create a more supportive environment for community development activities and to enable our members to more effectively meet the needs of lower income residents and advance neighborhood revitalization. In addition, we aim to build the capacity of CDCs through resource and information delivery, a sharing of ideas and practices among CDCs, technical assistance, and promotion of the community development industry.



Acknowledgements

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Photos courtesy of Asociacion Puertorriquenos en Marcha, Community Design Collaborative, The Enterprise Center CDC, Mark Garvin, Impact Services Corporation, Kensington South CDC, Korean Community Development Services Center, Kamile Kuntz, Mayfair CDC, Mt. Airy Revitalization Corporation, New Kensington CDC, Nicetown CDC, People's Emergency Center, Philadelphia Chinatown Development Corporation, Philadelphia Weekly, Southwest CDC, Tacony CDC, University City District, & PACDC

This report highlights neighborhood economic development accomplishments supported by the City's CDC Tax Credit Program and lays out a series of recommendations for making it an even more effective tool in increasing the economic vitality and livability of our neighborhoods.

The CDC Tax Credit Program provides an incentive to businesses to get involved in improving Philadelphia's neighborhoods. In return for providing a predictable revenue stream to a CDC to plan and implement neighborhood economic development activities, a business receives tax relief from the City. Based on our review of the 25 partnerships currently in existence, the program has leveraged tens of millions of dollars in private and public investment to bolster neighborhood economies, expanding local access to goods, services, and jobs while growing the City's tax base. Moreover, the program has fostered more stable organizations that can shape neighborhood change in a strategic way.

The flexible nature of the program enables CDCs to build organizational capacity to tailor their neighborhood economic development approach to the individual needs of their neighborhoods. Tax Credit funds have facilitated strengthening of neighborhood commercial corridors, development of commercial real estate, implementation of workforce development programs, attraction of new businesses and jobs, and support for existing businesses. For participating CDCs, these funds provide the financial security to manage projects smoothly and the freedom to envision major improvements in their neighborhoods. In addition, participating businesses are also supporting their CDC partner's work through in-kind or technical assistance.

Numerous other CDCs undertaking significant economic development work are waiting in the wings for these partnerships. Expanding the program would provide critical long-term resources to enable more communities, as well as the City overall, to benefit.

Following is a summary of our proposed changes to further strengthen the program:

Legislative

- ▶▶ **Expand the program by raising the cap on the number of partnerships that can participate.**
- ▶▶ **Open up the program to a broader range of businesses and address the potential impact of declining Business Privilege Tax rates by allowing a CDC to partner with up to two businesses that would share the credit for the \$100,000 annual contribution.**
- ▶▶ **Allow a limited number of CDC intermediaries to participate in the program to provide capacity building support to CDCs.**

Regulatory

- ▶▶ **Strengthen the program's accountability and reporting requirements to facilitate better information and data collection that can be used to measure impact and share success.**
- ▶▶ **Reward high-performing CDC partners with access to additional resources to support their neighborhood economic development work.**
- ▶▶ **Clarify participation requirements and opportunities, including the process for renewing participation after the ten year program period expires.**
- ▶▶ **Develop program guidelines that clearly spell out the requirements and expectations of program participants, and undertake a concerted effort to market the program to potential business partners.**
- ▶▶ **Convene participating partners on a periodic basis to share knowledge and best practices, and utilize electronic communication to foster communication with partners.**

Implementation of these recommendations would be a wise investment as part of the city's overall economic development strategy and would increase the positive impact this program is already having on our city.

“The CDC Tax Credit Program has strengthened neighborhood economies, attracting new businesses and job opportunities. Investments through the program are also bolstering the City's tax base and improving the quality of life in communities across Philadelphia, representing a win-win for the City and its neighborhoods.”

*Rick Sauer,
Executive Director, PACDC*



The **Philadelphia Association of Community Development Corporations (PACDC)** recently set out to analyze the accomplishments of the City's CDC Tax Credit Program since its inception in 2002, and explore how to further strengthen the program. What we found is that the program is leveraging millions of dollars in private and public investment to bolster neighborhood economies, expanding local access to goods, services, and jobs, while growing the City's tax base to help ensure its long-term fiscal health. This report highlights several CDC's neighborhood economic development efforts supported through the program and lays out our recommendations for making it an even more effective tool in increasing the economic vitality and livability of our neighborhoods.

CDCs are using Tax Credit funds to strengthen neighborhood commercial corridors, to develop commercial real estate, to help new businesses get started, to support existing businesses and business associations, undertake workforce development activities, and to market their neighborhoods. The success of this re-investment model has spurred economic growth in multiple areas of the city, and served as a replicable model for other jurisdictions.

The key principle that drives this program is to enhance neighborhood sustainability by fostering collaboration between CDCs and businesses. Further, these partnerships are motivated by the belief that transforming distressed neighborhoods into healthy communities not only helps existing residents, but helps attract new residents and provides substantial economic benefits to the entire city.

One of the most encouraging findings of our research is the strength of the partnerships formed between businesses and CDCs. Most of the businesses involved in the Tax Credit Program are supporting their partner's work through far more than a financial contribution. These non-economic benefits are enabling CDCs to stabilize operations, grow programs, and build institutional clout that is directly benefiting neighborhoods for the long-term.



CDC TAX CREDIT PROGRAM APPROVED PARTNERSHIPS

CDC	Partner
AchieveAbility	Anthropologie
Asociacion Puertorriqueños en Marcha	Blank Rome LLP
Beech Interplex	Domus
Delaware River City Corporation	Packer Cafe/Chickie's & Pete's
East Falls Development Corporation	Pep Boys
Fairmount CDC	Wallace Roberts & Todd LLC
Frankford CDC	Ernest Bock & Sons
Friends Rehabilitation Program	Dilworth Paxson LLP
Girard Coalition	Price Waterhouse Coopers LLP
Impact Services Corporation	Coca Cola Bottling Company of Phila.
Kensington South CDC	Wolf, Block, Schorr, & Solis-Cohen
Mt. Airy USA	Rittenhouse Claridge LP
New Kensington CDC	Keystone Health Plan East
Office of Comm. Develop.-Archdiocese of Phila.	J.J. White
The Partnership CDC	Reed Smith LLP
People's Emergency Center CDC	Duane Morris LLP
Philadelphia Chinatown Development Corp.	Tenet Health Systems
Project H.O.M.E.	Klehr, Harrison, Harvey LLP
Roxborough Development Corporation	Penn Distributors
Schuylkill River Development Corporation	Sunoco Oil Company
South of South Neighborhood Association	Pathmark Stores
Spring Garden CDC	Turner Construction
Tacony CDC	P. Agnus
Universal Companies	Citizens Bank
University City District	INTECH Construction

“Partnerships and Networks: The government cannot meet all the needs of the City by itself. We must develop and rely on relationships with and throughout our neighborhoods...These relationships should be used to create economic opportunities for our residents. We will increase our ability to achieve our mission when we value and utilize these relationships.”

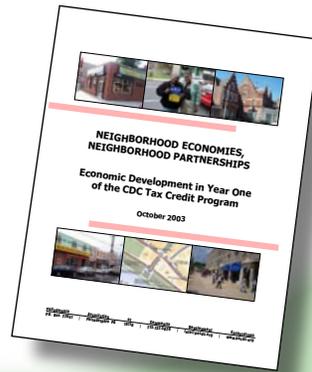
City of Philadelphia Five-Year Financial and Strategic Plan For Fiscal Years 2009-2013

What is the CDC Tax Credit Program?

The CDC Tax Credit Program is an innovative partnership between community development corporations (CDCs) and businesses. The flexible nature of this private funding allows a CDC to support the core operations (i.e. salaries and operating expenses) involved in carrying out a wide variety of economic development projects and programs based on the specific needs of its neighborhood.

The program is designed to strengthen neighborhood economies and the City's tax base. In return for providing a predictable revenue stream to a CDC to plan and implement neighborhood economic development activities, a business receives tax relief from the City. The program currently includes 25 partnerships between businesses and CDCs. In return for contributing \$100,000 per year for ten years to support a CDC's economic development initiatives, the business receives a credit of \$100,000 per year against its Philadelphia Business Privilege Tax obligation.

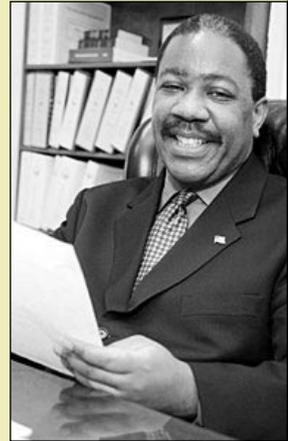
Because the program requires a 10-year funding commitment to economically distressed communities, it gives CDCs the ability to plan for the long term. The net effect of the program is a revenue stream of new private investment to support Philadelphia's neighborhood economies



City Councilman W. Wilson Goode, Jr. introduced legislation to establish a pilot CDC Tax Credit Program in September 2001. With the active support of PACDC, it was unanimously passed by Philadelphia City Council and signed into law by the Mayor in November 2001. PACDC then worked with the City to develop regulations to implement the program.

The program accepted its first applications in September 2002. Initially the program supported ten partnerships. Since demand far outstripped the number of available slots, PACDC worked with Councilman Goode to expand the program to 15 partnerships in November 2002, all of which were quickly filled.

In October 2003, PACDC developed a report on the first year of the program, and worked with Councilman Goode to make the program permanent and expand it to 25 partnerships. Legislation doing so was approved later that month. The program has been fully subscribed since 2005.



“Developing economic opportunities in disadvantaged neighborhoods through business development, job creation and neighborhood improvements are critical components of a vibrant city. Thanks to the Philadelphia CDC Tax Credit Program we have seen encouraging results with long term positive impact. We want to build upon these achievements through expansion so that more Philadelphians and the communities in which they live, work and play can benefit.”

**City Councilman,
W. Wilson Goode, Jr.**

CDC's Participating in the CDC Tax Credit Program & CDC's that Could Benefit from Expansion

The range of economic development work being undertaken by CDCs both large and small is diverse, wide ranging and making lasting headway in transforming communities neighborhood by neighborhood. Activities undertaken through this program in 2007 include commercial corridor streetscape and business façade improvements, cleaning and safety programs, community greening initiatives, development of new commercial space for businesses, new business development and assistance, business association support and coordination, workforce development for adults and youth, cultural projects, and marketing and outreach such as new signage, banners, print and web-based advertising and neighborhood business directories.

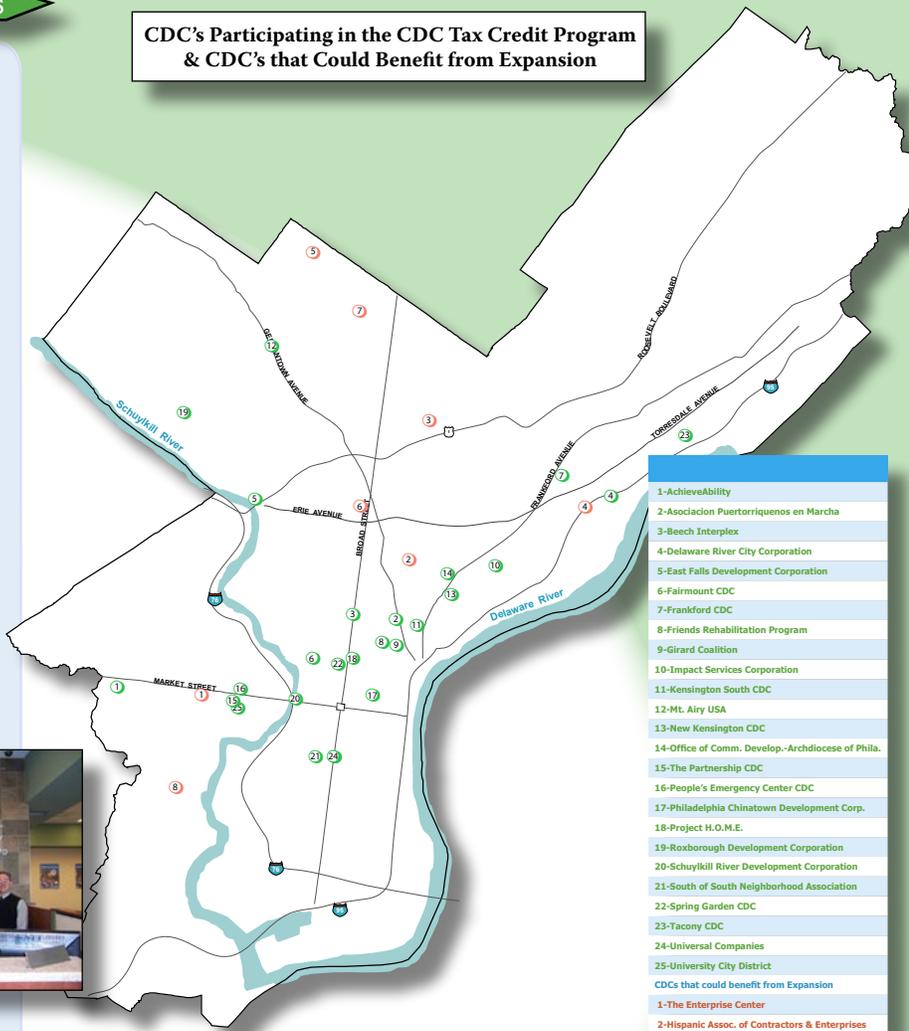
Below is a broad overview of the types of activities being carried out by participating CDCs in neighborhoods throughout Philadelphia. The following pages provide a more in-depth look of the neighborhood economic development work of four CDCs participating in the program.

In Eastern North Philadelphia **Asociacion Puertorriquenos en Marcha** undertook planning for a TruMark credit union that recently broke ground, as well as a 40,000 square foot Transit Oriented Development planned next to the Temple rail station. They also worked on development of a greenway and planning for other corridor and streetscape improvements. **Impact Services Corporation** provided workforce development and wealth building assistance to neighborhood residents, facilitated the opening of new businesses in the neighborhood, and launched an effort to create a business improvement district. The **Archdiocese of Philadelphia's Office of Community Development** conducted planning for streetscape improvements on the Kensington Avenue corridor, provided assistance to local businesses, and implemented workforce development programs.



Further east, **New Kensington CDC** worked to strengthen the Frankford Avenue corridor and surrounding neighborhood through an arts-centered strategy, hosted local cultural events and provided support to local businesses. **Kensington South CDC** completed a major renovation of the Putnam building and expanded its small business incubation initiative. While in the Northeast, **Tacony CDC** undertook planning for commercial real estate development and streetscape improvements, as well as provided support to the local business association.

In Lower North Philadelphia, **Project H.O.M.E.** worked to strengthen the Ridge Avenue



1-AchieveAbility
2-Asociacion Puertorriquenos en Marcha
3-Beech Interplex
4-Delaware River City Corporation
5-East Falls Development Corporation
6-Fairmount CDC
7-Frankford CDC
8-Friends Rehabilitation Program
9-Girard Coalition
10-Impact Services Corporation
11-Kensington South CDC
12-Mt. Airy USA
13-New Kensington CDC
14-Office of Comm. Develop.-Archdiocese of Phila.
15-The Partnership CDC
16-People's Emergency Center CDC
17-Philadelphia Chinatown Development Corp.
18-Project H.O.M.E.
19-Roxborough Development Corporation
20-Schuylkill River Development Corporation
21-South of South Neighborhood Association
22-Spring Garden CDC
23-Tacony CDC
24-Universal Companies
25-University City District
CDCs that could benefit from Expansion
1-The Enterprise Center
2-Hispanic Assoc. of Contractors & Enterprises
3-Korean Comm. Development Services Center
4-Mayfair CDC
5-Mt. Airy Revitalization Corporation
6-Nicetown CDC
7-Ogontz Avenue Revitalization Corporation
8-Southwest CDC

Partnership Benefits Beyond the Financial Contribution

Businesses participating in the CDC Tax Credit Program typically contribute to the success of their CDC partners beyond the \$100,000 per year financial contribution required by the program. In some cases the additional aid is financial, while in others it is technical or in-kind.

For example, **Klehr, Harrison, Harvey, Branzburg & Ellers** helped to fund **Project H.O.M.E.**'s Honickman Learning Center and Comcast Technology Labs. Other businesses provide professional expertise and institutional oversight by serving on the Board of Directors of their CDC partners, including **Blank Rome** with **Asociacion Puertorriquenos en Marcha**, **Pep Boys** with **East Falls Development Corporation**, **INTECH Construction** with **University City District**, and **Philadelphia Coca-Cola Bottling Company** with **Impact Services Corporation**. Coca-Cola has also provided Impact with in-kind products, hosted community and business meetings, helped them with key decision making, and opened various company-wide trainings to Impact staff.

The benefits accruing to CDCs participating in the Tax Credit Program far exceed the \$100,000 corporate contribution. These benefits are enabling CDCs to stabilize operations, grow programs, and build institutional clout that is directly benefiting neighborhoods for the long-term.



corridor through the installation of murals and banners, direct assistance to local businesses and the business association, and planning for corridor improvements and new commercial development. The **Girard Coalition** worked to strengthen the Girard Avenue corridor through façade improvements for local businesses, streetscape improvements, attraction of new businesses, and support to the local business association, while the **Friends Rehabilitation Program** undertook planning for commercial real estate development, and provided workforce development to local residents and assistance to small businesses.

Fairmount CDC worked to strengthen the cultural hub of Fairmount Avenue through streetscape improvements and greening projects, façade improvements, and cleaning, while also providing support to the Girard corridor.



In Northwest Philadelphia, the **East Falls Development Corporation** completed a project to light the East Falls Bridge, developed a new parking lot, coordinated a highly popular Farmers Market, hosted local cultural events, and supported commercial development that is reflective of community needs and desires. Farther up Ridge Avenue, the **Roxborough Development Corporation** supported new commercial real estate development and provided assistance to existing and new businesses to attract a diverse mix of retail tenants.

In Center City, the **Philadelphia Chinatown Development Corporation** conducted planning for streetscape improvements to the 10th Street corridor, while in Southwest Center City **Universal Companies** worked to develop a National Center for Rhythm and Blues, as well as corridor and streetscape improvements, and provided direct assistance to area businesses.



In West Philadelphia, the **People's Emergency Center CDC** worked to strengthen the Lancaster Avenue commercial corridor, including façade improvements and other direct assistance to businesses, streetscape improvements, marketing and planning for a mixed-use real estate development. The **University City District** worked to strengthen the Baltimore Avenue and Lancaster Avenue corridors, providing façade and streetscape improvements, marketing, cleaning and safety services, and employment opportunities for area youth.

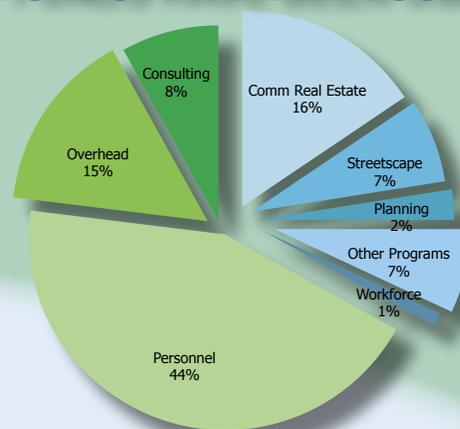
This broad range of work could only be accomplished due in large part to the flexible nature in which CDCs are allowed to use their Tax Credit funding and the commitment of their business partners.

2007 ECONOMIC DEVELOPMENT WORK SUPPORTED by the CDC TAX CREDIT PROGRAM

CDC	Real Estate Devel	Marketing	Safety/Cleaning	Facade Improv	Workforce Devel	Streetscape Impr	Business Assoc	Greening	Other Business
AchieveAbility	X					X			
Asociacion Puertorriquenos en Marcha	X					X	X	X	
Beech Interplex	X		X			X			
Delaware River City Corporation		X				X		X	
East Falls Development Corporation	X	X	X	X	X	X	X		X
Fairmount CDC	X		X	X		X		X	
Frankford CDC			X	X		X	X		X
Friends Rehabilitation Program	X				X	X			X
Girard Coalition		X	X	X		X	X	X	X
Impact Services Corporation			X		X	X	X	X	
Kensington South CDC	X								X
Mt. Airy USA	X	X	X	X		X	X		X
New Kensington CDC		X				X	X		X
Office of Comm. Dev.-Archdiocese of Phila.		X	X	X	X	X	X	X	
The Partnership CDC	X	X	X			X	X	X	X
People's Emergency Center CDC	X	X	X	X		X		X	X
Philadelphia Chinatown Development Corp.						X			
Project H.O.M.E.	X	X	X			X	X	X	X
Roxborough Development Corporation	X								X
Schuylkill River Development Corporation	X					X		X	
South of South Neighborhood Association		X	X			X		X	X
Spring Garden CDC	X		X		X	X			
Tacony CDC	X			X		X	X		X
Universal Companies	X					X	X		X
University City District		X	X	X		X		X	X

SOURCE: City of Philadelphia Department of Revenue Renewal Applications for Tax Credit for Contribution to a Community Development Corporation

HOW PARTNERSHIP FUNDS HAVE BEEN USED



The flexibility of how CDCs can use their funding in the economic development work they undertake enables groups to address a broad range of needs and build organizational capacity to ensure continuity of programming. Often groups use their partnership support to underwrite the hardest components to fundraise for—staff and overhead costs. In 2007, 44% of CDC Tax Credit funds were used to pay for personnel costs, which are typically the largest cost of running programs, 15% for overhead and 8% for consultants. Sixteen percent of funds were used to support commercial real estate development activities, while the remaining 17% was used to support direct costs of a range of programs and projects as well as planning.

SOURCE: City of Philadelphia Department of Revenue Renewal Applications for Tax Credit for Contribution to a Community Development Corporation



IMPACT SERVICES CORPORATION

partner PHILADELPHIA COCA-COLA BOTTLING COMPANY

Together with its partner the **Philadelphia Coca-Cola Bottling Company**, **Impact Services Corporation's** work under the CDC Tax Credit program features a broad range of cleaning and greening initiatives, streetscape improvements, workforce development and business association support. These efforts are helping to build stable neighborhoods, strong families and a vibrant business district.

It's been said that Impact is about jobs. A huge part of Impact's work does focus on helping hard-to-employ people prepare for and find work. Some programs target very specific populations, such as TANF recipients, Ex-offenders re-entering the community, and Veterans from across the city. The Careerlink One Stop and the community job placement programs housed at Impact are available, free of charge, to any resident seeking employment.

Working in tandem with these job creation efforts is Impact's active leadership in three local business associations. From developing plans for a new business improvement district, to coordinating merchant needs with various City departments, Impact's business association endeavors are having a lasting impact for area businesses and the local community. A prime example of this can be found in the Amigos Pharmacy story, one part of over \$5 million in investment in the area in the past three years.

Amigos Pharmacy

From the attractive stone veneer front on Kensington Avenue, the wide windows and the inviting entryway into the pharmacy, everything about Amigos Pharmacy beckons one to enter. Once inside, the pleasant surroundings and neat waiting area complete with a water fountain and small pool let the casual visitor know this is not your run-of-the-mill pharmacy – Amigos Pharmacy is a neighborhood asset.



Owner and chief pharmacist Paul Delgado offers that this was what he was striving for when he decorated his pharmacy some 13 months ago when he opened it. A Kensington native, Delgado was able to open Amigos Pharmacy with the help of the Kensington & Allegheny Business Association. He is also a dedicated entrepreneur – he keeps the pharmacy open six days a week, and will deliver if needed.

Currently he leases the property in which the pharmacy is located, but is already thinking ahead. He has since purchased the property next door to his present location and states, "I want to build a brand new pharmacy next door and have it ready for when my lease runs out here."



Highlights of Impact's neighborhood economic development work for 2007

- ▶ Served 1,840 job seekers in the target area through workforce development programs, and aided 926 residents to find new jobs. Employment efforts included over 700 ex-offenders.
- ▶ Attracted 11 new businesses to the Kensington Avenue corridor, resulting in a net gain of 119 jobs. Over \$5 million in private funds was invested in associated development.
- ▶ Launched an effort to create a Business Improvement District.
- ▶ Leveraged nearly \$693,000 in state funding to extend the life and usefulness of two former industrial sites in the area.
- ▶ Served 643 low income tax filers at Impact's Volunteers in Tax Assistance Center, brining over \$1 million in Earned Income Tax Credit funds into the pockets of area residents.





NEW KENSINGTON CDC

partner **INDEPENDENCE BLUE CROSS**



New Kensington CDC's (NKCDC) tax credit partnership with **Independence Blue Cross** has contributed significantly to neighborhood revitalization. This once struggling neighborhood now attracts visitors and shoppers from across the region via an arts-centered strategy. The partnership has leveraged more than \$6.4 million in new investments over the past four years that has helped attract 45 new businesses to the neighborhood since 2007.

Michael's Decorators

A snap shot of the personal impact of NKCDC's work can be found in the story of Michael's Decorators, a family-owned business on Frankford Avenue that has been in existence for 20 years. In 2006, the father and son participated in NKCDC's design assistance program which resulted in a professional rendering of a brand new storefront produced by Cicada Architecture. After receiving \$5,000 to kick start the renovations from the Merchants Fund, Michael's Decorators then applied to the city façade program. Steve and Michael were awarded a grant of nearly \$10,000.

For the first time since they have been on Frankford Avenue, a showroom is part of the business model. This fall, Steve and Michael have invited two artists to display and sell their work as part of First Fridays on Frankford Avenue. Overall, Steve and Michael spent \$100,000 of their own funds to invest in the renovation of this building. The financial incentives pushed this father-son team to reconsider the way they have always conducted business, and the increased corridor activity made them realize a merchant-driven approach to their business would keep them competitive as new businesses moved in.

NKCDC's work has centered around its arts corridor development and its support of the local business association. With lively outdoor sculpture and regular arts programming for adults and youth, the corridor is a thriving example of how arts can attract and build strong commercial activity. NKCDC's work with its business association ranges from coordinating regular meetings, to hosting their expansive web site and e-news alerts, and producing a highly popular annual business directory



Highlights of NKCDC's neighborhood economic development work for 2007

- ▶▶ 30 new businesses opened in the 19125 area
- ▶▶ Hosted Kensington Kinetic Sculpture Derby, attracting more than 3,000
- ▶▶ Hosted monthly First Fridays on Frankford Avenue
- ▶▶ Produced and distributed 5,500 business directories





PEOPLE'S EMERGENCY CENTER CDC

partner **DUANE MORRIS**

Through its partnership with **Duane Morris**, the **People's Emergency Center Community Development Corporation** (PECCDC) has worked collaboratively with neighborhood stakeholders and the local business association to transform Lancaster Avenue from 38th to 42nd Streets into a vibrant, economically competitive retail corridor for West Philadelphia residents.



They stimulate economic growth on the Avenue by enhancing safety and cleanliness, making façade and streetscape improvements, providing technical assistance to businesses, and promoting the area. Overall, PECCDC's commercial corridor program has attracted over \$3 million of investment from a variety of private and public sources.

Looking Towards the Future

LaTonya Furman, a second-generation proprietor of the family-owned New Angle Lounge, is inspired by the prospect of the corridor's renaissance and wants to turn her family's local taproom into a restaurant and jazz club.



Through the Infill Philadelphia Design Challenge, a project of the Community Design Collaborative and Philadelphia LISC, PECCDC facilitated pro bono conceptual design for the transformation of a neighborhood tavern into a full service restaurant along its commercial corridor. The restaurant, TrilogY, would be the Furman family's third enterprise. The project is made up of three separate buildings located on a triangular island block at the intersection of Lancaster Avenue, 39th and Spring Garden Streets. TrilogY's location at the east gateway to the corridor will help to draw customers from both the surrounding neighborhood residents and nearby institutions.

Highlights of PECCDC's neighborhood economic development work for 2007

- ▶ Attracted 4 new businesses to Lancaster Avenue, for a total of 20 new businesses over the past four years
- ▶ Undertook repair of 10 commercial façades, including the façade renovation of a historic anchor building and community gateway
- ▶ Partnered with the University City District to providing cleaning services along the avenue, and jobs to local residents
- ▶ Sponsored "Takin' It to the Streets" annual festival, 2nd Friday's monthly arts and cultural events
- ▶ Created a business directory to promote the Avenue and its businesses
- ▶ Facilitated streetscape improvements, including installation of 26 new litter baskets
- ▶ Undertook pre-development activities for a mixed-use building that will include ground level retail space and two upper floors of supportive housing on the 4000 block of Lancaster Avenue
- ▶ Conducted a series of surveys to assess the technical assistance needs of Lancaster Avenue merchants and to determine consumer behavior

“PECCDC is bringing attention to this part of the avenue—helping us brighten things up and draw more clients to our businesses. The murals and mosaic tree pits bring a new flavor to the avenue. They give people a sense that somebody cares.”

**Marlene Medley, Owner,
Ashay Massage Salon**





UNIVERSITY CITY DISTRICT

partner **INTECH CONSTRUCTION**

Hiring Residents to Maintain Public Spaces

UCD has a 27 member team that maintains public spaces in University City, including sweeping sidewalks and removing graffiti. The majority of these workers are local residents, many of whom have made the transition from public assistance to full-time employment. UCD also runs a Summer Jobs Program to help maintain these public spaces that employed 30 local high school juniors and seniors in 2008.



Enhancing Safety through Lighting

UCD has utilized lighting as a primary tool for enhancing the safety and vitality of University City. In conjunction with other partners, they have installed more than 300 street lights, and numerous business façade and residential lights, helping to illuminate the neighborhood in the evening. UCD is currently completing installation of pedestrian lighting on five blocks of Baltimore Avenue to make the shopping district brighter, safer and a more desirable place to do business.

Highlights of UCD's neighborhood economic development work for 2007

- ▶▶ 16 new businesses opening in University City in 2007, including six on the corridors
- ▶▶ Made six façade improvement grants, leveraging over \$500,000 in private investment in corridor businesses
- ▶▶ Provided 20 neighborhood youth with summer employment
- ▶▶ Installed 450 banners on corridors
- ▶▶ Launched www.breakmyroutine.com aimed at attracting visitors to University City while highlighting the district's unique cultural, dining, and entertainment venues; over 560,000 hits in 2007

“INTECH Construction is glad to invest in University City District through the City's tax credit program. Through this program UCD has made a significant difference to University City's quality of life and economic competitiveness, and has greened the triangles at 45th and Baltimore and 46th and Baltimore, provided jobs to low-income youth through their summer jobs program, and coordinated neighborhood-wide cleanups.”

William Schwartz, Co-Owner, INTECH Construction

The **University City District (UCD)** has used its partnership with **INTECH Construction** to develop and nurture two commercial corridors, engage youth with gainful employment, and provide direct assistance to area businesses in the form of matching grants for façade improvements, architectural design assistance and technical assistance for those starting a business or those seeking to improve their existing business.

UCD has worked to improve the economic vitality of two commercial corridors in University City by improving the retail mix and encouraging businesses to locate in neighborhood shopping districts—Lancaster Avenue from 34th to 38th Streets, and Baltimore Avenue from 45th to 50th Streets. They have installed and maintain numerous street trees, bike racks, trash cans, planters, lighting and other streetscape elements that create an attractive and welcoming environment for businesses and residents. In addition, UCD has facilitated the improvement of neighborhood buildings, traffic triangles and Clark Park, one of Philadelphia's largest neighborhood parks.

Overall, UCD has leveraged over \$4.1 million in private and public investment on the Lancaster and Baltimore Avenue commercial corridors.



There are many other CDCs, beyond those currently participating in the City's CDC Tax Credit Program that are working to strengthen the local economy in neighborhoods across Philadelphia. Expanding this program would provide critical long-term flexible resources to support CDC neighborhood economic development efforts, enabling more communities to benefit. Here are eight examples.

The **Hispanic Association of Contractors and Enterprises' (HACE)** involvement in neighborhood economic development began with their very first project in 1982 – the acquisition and rehabilitation of a 12,000 square foot mall along the key Latino commercial corridor in Philadelphia, “El Centro de Oro” on North 5th Street. They have since completed numerous commercial developments that are occupied by a range of businesses and providers, including a pharmacy, an insurance office, a pizzeria, a medical clinic, a job placement center, a gallery/work studio for local artists, and a visitor center/art business incubator. HACE also co-founded the Fifth Street Business Association, and provides ongoing assistance to local businesses. All of HACE's neighborhood economic development projects are targeted to create jobs and services to further support the small business community and their affordable housing initiatives for residents of the Fairhill and St. Hugh neighborhoods.



The **Korean Community Development Services Center** launched the 5th and Olney Revitalization Project in 2007 with involvement from local businesses, residents and other community organizations. They recently hired a corridor manager to implement a comprehensive plan developed to strengthen the business district. This work includes cleaning the corridor, making improvements to facades and signage, reconstituting a business association, providing training for local businesses, and establishing “gateway” entrances to their shopping area.

The **Mayfair CDC** is working to revitalize the Frankford Avenue commercial corridor. As part of this effort, they are in the process of carrying out two major capital projects – the renovation of the formerly vacant Devon Theater, and the Frankford Avenue Streetscape Project. The goal of these two projects is to improve the business corridor and thus attract new businesses and patrons to the Mayfair area. They have also purchased four “Green Machines” to clean Frankford Avenue, and have partnered with other organizations to beautify and upkeep the corridor. It is the belief of the Mayfair CDC that with a strong business corridor, the Mayfair area would continue to be an attractive urban oasis for shopping, dining, working and living.



The **Mount Airy Revitalization Corporation (MARC)** is a new CDC whose mission is to promote economic development in the East Mount Airy section of the city. They are currently implementing several streetscape improvements to the Wadsworth Avenue commercial corridor, including new banners, a major landscaping project at the gateway to the City from Cheltenham Township, pedestrian scale lighting, tree plantings, and assisting businesses with storefront improvements. They also provide technical assistance to local businesses to help them access grants and other business resources, have a partnership with the ENON Tabernacle Capital Fund to present free business seminars on a monthly basis, and have a consultant who is helping local businesses improve their customer satisfaction. MARC's projects are helping to restore the vitality of the neighborhood shopping district, helping both the existing businesses and the surrounding residential neighborhood.



Nicetown CDC has engaged in planning and transit-centered revitalization efforts in Nicetown's Germantown Avenue business corridor since 2003. They are actively engaged in the planning of the \$20 million redevelopment of the Wayne Junction train station. Their Clean & Safe Initiative focuses on a series of maintenance, facade, and physical improvement projects, and a major lighting project is being finalized for Nicetown Park. Their planned Nicetown Courts mixed-use development on Germantown Avenue will establish much needed connectivity on the corridor, and will yield 4,500 square feet of commercial space and 37 affordable apartments. Their latest plan, "Gateways & Bridges," highlights the corridor's gateways and will catalyze economic growth and development, physical improvements, and arts and culture.

Ogontz Avenue Revitalization Corporation (OARC) has developed, owns and manages close to 300,000 square feet of commercial and residential real estate in Northwest Philadelphia. Their recent initiatives include a façade improvement program for businesses along the Ogontz Avenue commercial corridor, as well as a cleaning and greening campaign in West Oak Lane and surrounding communities. OARC is currently working on plans to develop a number of vacant properties along the Philadelphia/Montgomery County border, as part of the Cheltenham Transit Revitalization Investment District project. They have also engaged a consultant to prepare a planning study of the SEPTA Wister train station area to identify additional opportunities for retail and affordable housing development. OARC is also the executive producer of the West Oak Lane Jazz and Arts Festival, a nationally known annual event that drew 500,000 visitors to Northwest Philadelphia this year.



Southwest CDC is implementing the Southwest Economic Development Strategy, a ten-point plan to improve the economic health of Southwest Philadelphia. The plan includes creating a uniform design on Woodland Avenue, developing an employment center, developing Chester Avenue, addressing the auto related businesses in Southwest, marketing, key site development, creating gateways into Southwest, addressing waste and recycling business zoning, and improving public transit access to employment concentrations. The Woodland Avenue Revitalization Project was created to improve the appearance of the avenue, the quality of goods sold, and to reduce the perception of crime with the overall goal of increasing the number of consumers. They are also completing a snapshot of available Brownfields in the neighborhood to facilitate the marketing of available parcels for business relocation as well as improving the many industrial parcels in the area.

The Enterprise Center CDC (TEC CDC) works to build a prosperous local economy that supports the health of the neighborhoods where they work. Working with a number of partners, they will renovate a vacant supermarket at 48th and Spruce Streets into the Center for Culinary Enterprises. The Center will include neighborhood-serving retail, a sit-down barbeque restaurant that doubles as an entrepreneurship training program for youth and young adults, and a kitchen incubator that helps small food entrepreneurs grow their businesses and create jobs. In conjunction with The Enterprise Center's Retail Resource Network, TEC CDC also works with individual business owners throughout Walnut Hill to identify challenges they face, set goals, and connect them to resources that will help them achieve those goals. TEC CDC is also developing The Plaza at Enterprise Heights, a 70,000 square foot mixed-use development adjacent to the 46th Street El station that will feature community-serving retail and offices that bring a significant number of jobs to West Philadelphia.



Key Findings

As part of our analysis of the City's CDC Tax Credit Program, PACDC reviewed the annual renewal applications submitted by participating partnerships to the City, surveyed CDCs on their experiences with the program, and held discussions with city officials as well as current and potential program participants. Key findings include the following:

- ▶ The flexible nature of the funding enables CDCs to tailor their neighborhood economic development strategies to the individual needs of their neighborhoods and cover essential costs required to carry out this work, while the long-term commitment provides the financial security to manage projects smoothly and the freedom to envision major improvements in their neighborhoods.
- ▶ There are a number of additional CDCs undertaking neighborhood economic development work who are interested in participating in the program, but the last open partnership slot was filled in 2005.
- ▶ While the high threshold for business participation (\$100,000 Business Privilege Tax liability) ensures an adequate revenue stream to carry out significant programs, it provides a barrier to participation in the program for a majority of the city's businesses, including many businesses that have a direct stake in the future of the neighborhoods in which they are located. In addition, as BPT rates are further reduced (see chart) the number of businesses with BPT liabilities above \$100,000 will decline, reducing the number of potential (and possibly current) partners interested in participating in the program.
- ▶ The lack of accessible information that clearly spells out program requirements and expectations, the lack of access to information about businesses' BPT liability levels, and the lack of a strong coordinated effort to market the program to potential business partners, makes it challenging to identify and attract business partners to participate in the program.
- ▶ The City's current annual reporting format for the program fails to capture important data such as the number of businesses attracted, jobs created, or dollars leveraged, that would be useful in more directly measuring the impact of the work of individual partnerships and the overall program. Access to additional city data such as changes in tax revenue collections in targeted areas would also help provide a fuller picture.
- ▶ While impressive work is being conducted with the support of this program, there is no coordinated effort to convene participating businesses and CDCs to share experiences and best practices.

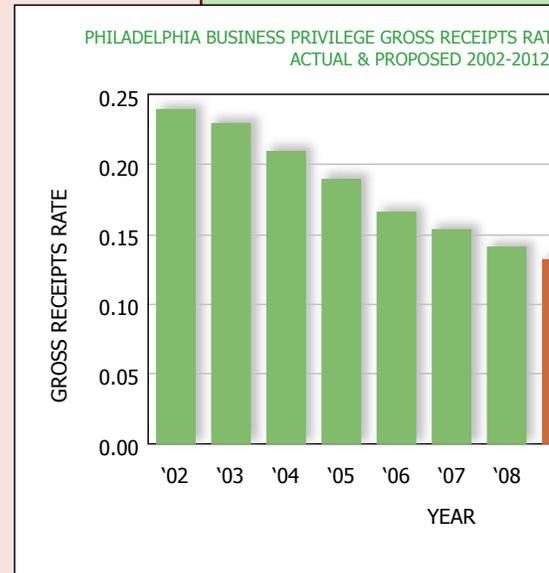
PACDC has developed the following recommendations to strengthen the City's CDC Tax Credit Program based on our analysis of the program and conversations with key stakeholders. The first three recommendations would require legislation action, while the others could be implemented at the administrative or regulatory level.

Recommendation

The eligibility criteria for participation in the program should be modified and clarified as follows:

- ▶ Expand the program by raising the cap on the number of partnerships that can participate.
- ▶ Open up program to participation by a broader range of businesses and address the potential impact of declining Business Privilege Tax rates. The contribution for a partnership should remain at \$100,000 per year, but a CDC should be allowed to partner with up to two businesses that could share the credit.
- ▶ Allow a limited number of partnership slots to be awarded to CDC intermediary organizations to provide capacity building support to CDCs participating in the program.

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SOURCE: City of Philadelphia Five-Year Financial and Strategic Plan for Fis

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- ▶▶ Reward high performing CDCs participating in the program by providing priority access to additional neighborhood economic development resources for their work.
- ▶▶ Clarify that participating businesses can partner with more than one CDC.
- ▶▶ Clarify the opportunity for renewed participation by businesses and CDCs after their ten year partnership expires.

Recommendation

The program’s accountability and reporting requirements should be strengthened to facilitate better information and data collection that can be used to measure impact and share success.

- ▶▶ The City should develop a more robust annual renewal application to obtain consistent data from participating partnerships on their performance and the impact of the program. Participants should develop clear outcomes and a related budget on an annual basis at the beginning of each program year, and report on progress in achieving those specific outcomes at the end of the year.
- ▶▶ The City should establish a clear and quick process for program participants to amend their outcomes and budget during the program year to respond to new strategic opportunities that arise.
- ▶▶ The Commerce Department should work to coordinate reporting on the CDC Tax Credit Program with reporting for other neighborhood economic development programs they administer to obtain consistent data on the impact of neighborhood economic development work the City is funding and minimize the reporting burden on program participants.
- ▶▶ A more significant annual report should be developed on the overall accomplishments of the CDC Tax Credit Program that documents results, impact and best practices. The report could be combined with a bi-annual report that documents the impact of all the City’s neighborhood economic development programs.

Recommendation

A more extensive effort should be undertaken to market the program to potential business participants. As part of this effort, a set of program guidelines should be developed that clearly spells out the requirements and expectations of the program for both businesses and CDCs.

Recommendation

Participating partners should be convened on a periodic basis (e.g. annually) to share knowledge and best practices. Electronic communication should be utilized to foster communication with partners in the interim period.

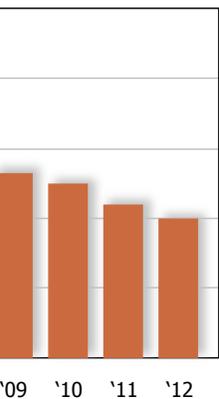
Conclusion

The City’s CDC Tax Credit Program provides an incentive to businesses to get involved in improving Philadelphia’s neighborhoods. The flexible nature of the program enables CDCs to tailor their neighborhood economic development approach to the individual needs of their neighborhood.

Tax Credit funds have facilitated strengthening of neighborhood commercial corridors, renovation of commercial real estate, workforce development programs, attraction of new businesses and jobs, and support for existing businesses. For participating CDCs, these funds provide the financial security to manage projects smoothly and the freedom to envision major improvements in their neighborhoods.

The CDC Tax Credit Program is already having a strong and positive impact on our city. An expanded and strengthened program is a wise investment as part of the city’s overall economic development strategy.

TE REDUCTION SCHEDULE





Supporting CDCs. Strengthening Neighborhoods.

For more information on PACDC's programs and activities, contact:

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