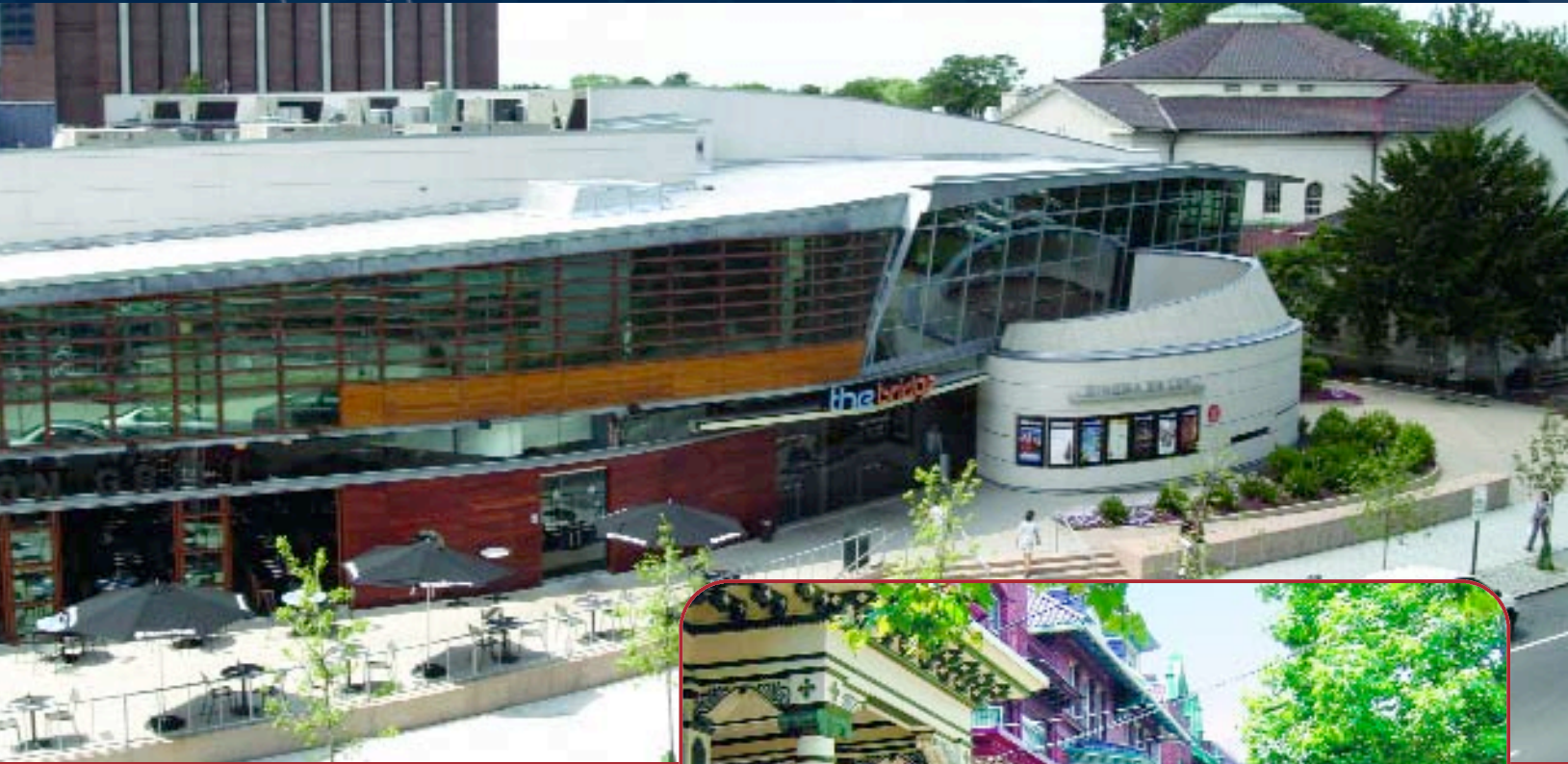


WEST PHILADELPHIA INITIATIVES:



A Case Study in
Urban Revitalization



John Kromer
Lucy Kerman



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This publication describes how the University of Pennsylvania organized and implemented an ambitious policy designed to stimulate neighborhood reinvestment in West Philadelphia, where the University campus is located. Penn's policy, known as the West Philadelphia Initiatives, sought to fundamentally improve the West Philadelphia neighborhood economy through a major commitment of University leadership, administrative support, funding, and academic resources, sustained over a period of years. The Initiatives focused on five broad and comprehensive areas, which were addressed simultaneously:

- clean, safe, and attractive streets and neighborhoods;
- excellent school options;
- high quality, diverse housing choices;
- reinvigorated retail options; and
- increased job opportunities through economic inclusion.

The effort produced impressive results: declining crime rates; reliable maintenance of streets and public spaces; the creation of a new University-assisted public school; a stronger real estate market; the development of new retail facilities patronized by shoppers from both the campus and the community; and a major increase in the participation of neighborhood and minority residents and businesses in University-sponsored construction projects and the procurement of supplies and services.

West Philadelphia Initiatives: A Case Study in Urban Revitalization details the planning, organizing, and implementation of Penn's policy. This publication is intended to provide detailed information about the Initiatives to those who are interested in opportunities to lead, administer, participate in, or evaluate similar institutional initiatives.

West Philadelphia Initiatives consists of ten chapters.

- Chapter I, "The University and its Surroundings, 1994," chronicles the devastating effects of a half-century of economic disinvestment and dislocation—the loss of businesses, jobs, and people—on the West Philadelphia area.
- Chapters II and III, "Policy and Organization" and "Planning," outlines the conceptual basis for the West Philadelphia Initiatives and the organizational structure established by Penn to support the implementation of this policy.
- Chapters IV through IX describe major implementation activities: the improvement of public safety and neighborhood services; the promotion of homeownership and the strengthening of the West Philadelphia single-family housing market; the acquisition, upgrading, and reoccupancy of deteriorated apartment buildings; the development of major new retail facilities and support for the revitalization of neighborhood commercial corridors; the execution of strategies to significantly increase neighborhood resident and minority employment and contracting; and the creation of a new neighborhood school, combined with the delivery of supportive services to existing neighborhood schools.

Each of these six chapters includes background information about the issue and its significance for the University and West Philadelphia; a summary of the goals established by Penn to address this issue; a description of the implementation approach adopted by the University for this purpose; and a summary of related program activities and results.

- Chapter X, "The University and its Surroundings, 2004," provides information and comments on the increasing recognition being given to city-based institutions as centers of the urban economy, particularly in older cities, as well as a summary of some of the most significant results of the West Philadelphia Initiatives.

We hope that *West Philadelphia Initiatives: A Case Study in Urban Revitalization* will be useful to anyone interested in opportunities for city-based institutions, as well as to government, business, and community supporters of these institutions who seek to use available resources effectively to stabilize and strengthen the economy of urban neighborhoods.

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I. The University and its Surroundings, 1994

Institutions and Older Cities

Penn's West Philadelphia setting is similar to that of many academic and health care institutions in older cities. These cities grew and prospered when manufacturing was a predominant sector of the national economy and goods made by factories located in densely populated urban areas were exported worldwide. Because they were centrally located in their metropolitan regions, with access to people, transportation systems, and suppliers of products and services, these cities were excellent places to establish or expand colleges, universities, hospitals,

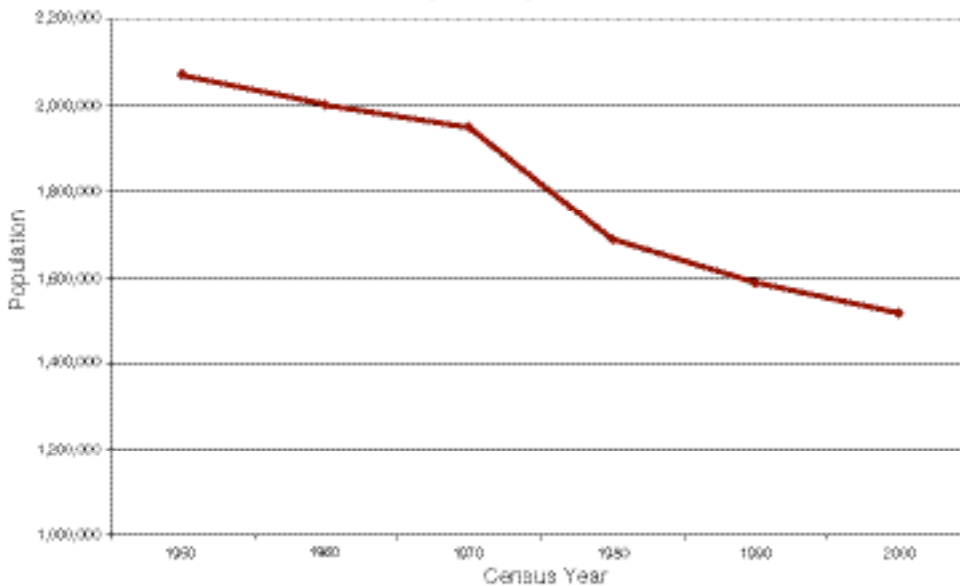
and research centers. Many academic and health care institutions developed their facilities outside the central business district of these cities, in nearby neighborhoods or in unpopulated areas where neighborhoods subsequently grew up around the institutional campus.

During the mid-20th century, the emergence of an information- and service-based global economy led to a steady weakening of the competitive position of older cities and their neighborhoods. Some city characteristics that had been advantageous in the old economy became barriers to success in the new economy. Modern technology, communications networks, and transportation systems made possible the investment of capital, the production of goods, and the delivery of services in suburban, rural, or overseas locations. For many new or expanding industries, suburban office campuses and "edge city" office/retail centers - rather than decades-old office or factory buildings in cities - became preferred workplace locations.

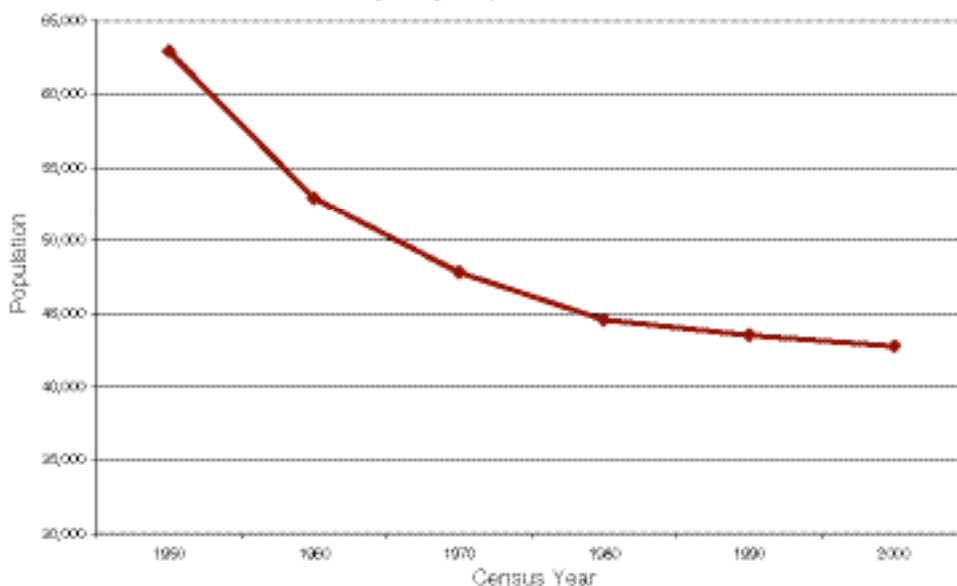
During this period, an unprecedented increase in household income, accompanied by the emergence of affordably priced, federally insured suburban housing, contributed to the depopulation of many urban neighborhoods and the rapid growth of suburban areas. Retail development, including the construction of shopping centers and malls adjacent to major transportation routes or highway interchanges, followed population growth in these fast-growing areas.

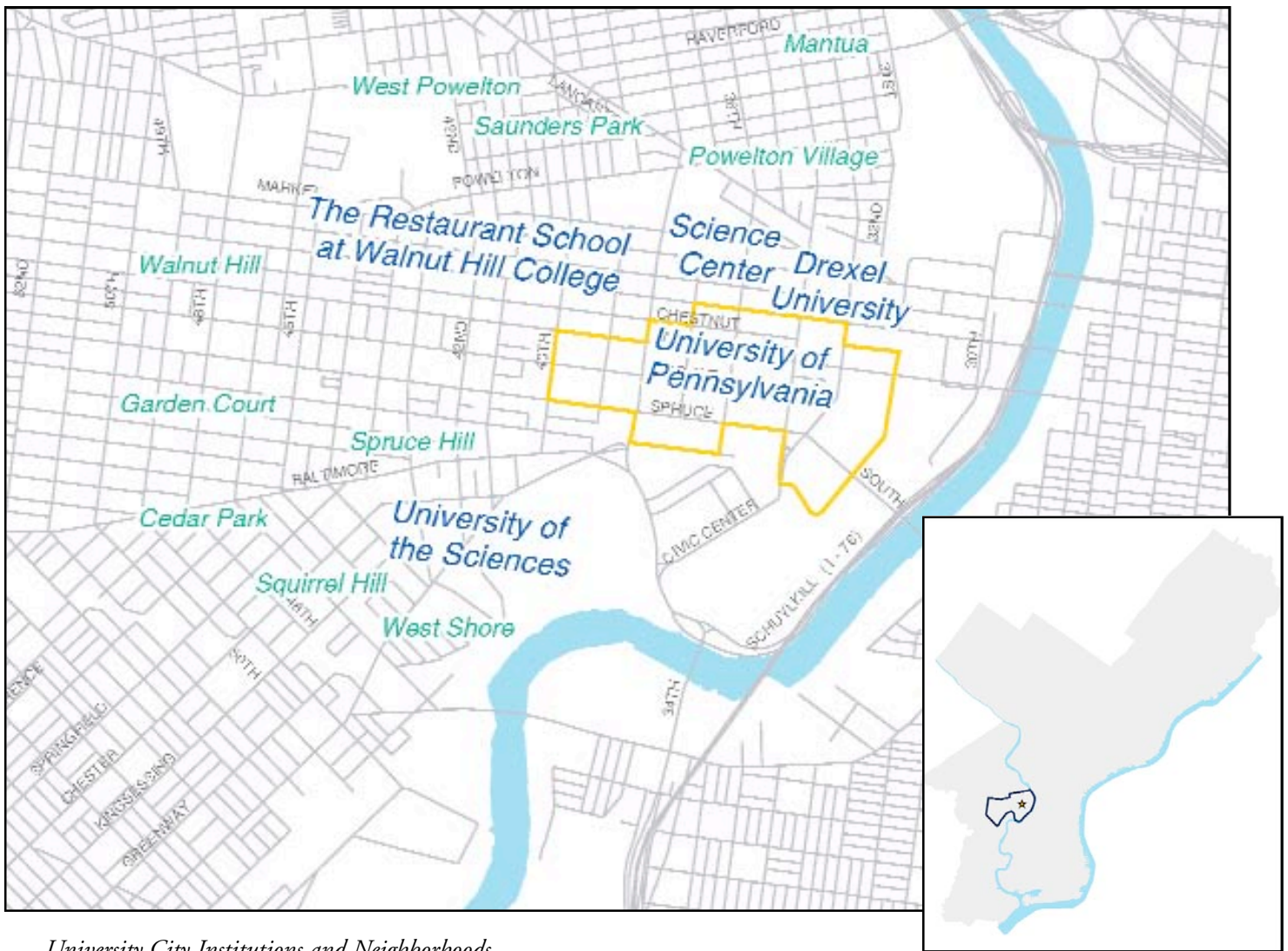
For older cities, a significant by-product of this diversification and globalization was disinvestment - a protracted loss of businesses, jobs, and people. After the middle of the century, Philadelphia's population declined in every decade, dropping from a peak of more than two million residents in 1950 to fewer than 1.6 million residents in 1990, a few years before the University of Pennsylvania's West Philadelphia Initiatives were organized. Some of the city's

Philadelphia Population 1950-2000



University City Population, 1950 - 2000





University City Institutions and Neighborhoods

neighborhoods lost one-third to one-half of their residents during this period. Population loss meant a weakening of the housing market in many parts of the city, which led to an increase in housing vacancy and abandonment. Population decline also meant a drop in income available to purchase retail goods and services. This reduced neighborhood buying power, combined with the proliferation of shopping centers and malls accessible by car, hastened the decline of formerly vital neighborhood retail corridors and the emergence of vacant storefronts.

University City Neighborhoods and the Effects of Disinvestment

The University of Pennsylvania, founded in 1749 by Benjamin Franklin to prepare students for lives in business and public service, is located in an inner-city neighborhood in West Philadelphia known as University City. The University's 12 professional schools, including the Annenberg School for Communication, Arts and Sciences, Dental Medicine, Design, Education, Engineering and Applied Science, Law, Medicine, Nursing, Social Work,

Veterinary Medicine, and the Wharton Business School, are located together in 151 buildings on a 269-acre campus that is edged by residential neighborhoods to the north, west and south, and open industrial spaces to the east. As of 2003, the University had 23,243 students, including 9,917 full-time undergraduates in four schools, and 8,996 full-time graduate and professional students; there were 2,420 standing faculty. With more than 22,000 employees at the University and Health System, Penn is the largest private employer in the City of Philadelphia. The University's operating budget for 2003 was \$3.59 billion.

Most of the neighborhoods closest to the Penn campus were developed as "streetcar suburbs" for working families during the late 19th century, a period preceded and followed by several decades of continuous growth for the city as a whole. Many blocks within these neighborhoods are tree-lined residential streets with three-story twin houses, many with porches and small front yards. Other blocks consist of two- or three-story brick and stone row houses. Low- and mid-rise apartment buildings are scattered throughout these communities, located primarily on bus and trolley routes,

with clusters of larger apartment complexes in the Garden Court neighborhood and the northern portion of Spruce Hill. Trolley lines linking West Philadelphia to the downtown area run along three diagonal streets, Baltimore Avenue, Chester Avenue, and Woodland Avenue, all developed during the late 1800s as neighborhood commercial corridors, with rows of three-story storefronts combining ground-floor retail uses and residential occupancy above.

These neighborhoods were affected in different ways by Philadelphia's history of mid- to late 20th-century disinvestment. Although the Spruce Hill and Garden Court communities nearest to the Penn campus remained relatively stable, the deterioration of some of the occupied housing and the emergence of abandoned housing on some blocks in these neighborhoods became a growing concern. Further west and south, in neighborhoods such as Walnut Hill and Cedar Park, these problems were more evident, with long-term housing vacancy leading to demolition and the appearance of unimproved vacant lots on numerous blocks. The deteriorated condition of older apartment buildings became a highly visible problem in every neighborhood. Some medium-sized and larger buildings were cited repeatedly for city housing and fire code violations and subsequently became partially or entirely vacant. A number of these apartment buildings were demolished due to fire damage or structural instability. West Philadelphia's formerly thriving neighborhood commercial corridors experienced increasing storefront vacancies, the abandonment of most upstairs occupancy, and the replacement of community-based businesses by convenience stores or "stop and go" fast-food establishments that sold beer and malt liquor and generated complaints about loitering and criminal activity on adjacent sidewalks.

In 1990, the population of these neighborhoods was extremely diverse. The five census tracts closest to the University hosted a population of 25,692, with 41.2 percent white, 46.2 percent African American, and 11.2 percent Asian residents.



Steven Mincicola

There was a significant international community, including many Asian and African immigrants, and a rich variety of churches and mosques. The median family income was \$27,657, with 15.7 percent of the families below the poverty level.

By 1994, when Judith Rodin assumed the presidency of the University of Pennsylvania, the crime rate in West Philadelphia had grown by 10 percent in 10 years. Three of the area's elementary schools ranked at the bottom level in state-administered reading and math tests. Deteriorated apartment buildings owned by negligent landlords could be found throughout the neighborhood. The future of the for-sale housing market was uncertain, and houses on some of the area's most attractive, well-maintained blocks remained on the market for months.

As conditions worsened in the surrounding neighborhood, members of the Penn administration, faculty, and student body became increasingly aware of the threat that this situation posed to the University's future viability.

Past Investment and Initiatives

Like many other urban academic institutions, Penn had not made the upgrading of the surrounding neighborhood a significant institutional priority prior to the 1990s. Although in previous decades the University had established and gradually strengthened a commitment to work with community members on a variety of neighborhood improvement activities, this commitment did not involve major funding from the University's operating budget or participation by University trustees and senior administrators. Although the activities resulting from this early Penn/community collaboration may have generated some good will for the University, they did not reverse the continuing pattern of physical deterioration and economic decline.

Pre-1994 investment and interventions involving the University and its surroundings may be grouped into three categories.

Urban Renewal. During the 1960s, major portions of West Philadelphia adjacent to Penn and other nearby institutions were made part of a University City Urban Renewal Area. This designation by the Philadelphia Redevelopment Authority was intended to support institutional expansion projects through a strategy of land acquisition, relocation of residents and businesses, clearance of existing structures, and construction of modern new buildings. Employing this approach, the Redevelopment Authority supported a



program target area included the western portion of Center City, across the Schuylkill River from University City. Designed to assist new purchases, the program did not benefit Penn faculty and staff who were already West Philadelphia

homeowners, some of whom could have used help in financing the repair and improvement of the older houses in which they lived. Although it supported some home purchases near campus each year, its large eligibility area weakened its ability to encourage a substantial number of University employees to buy homes in West Philadelphia.

Unresolved Issues

By 1994, despite greater University awareness of neighborhood distress and constructive University engagement in neighborhood improvement activities, Penn had not succeeded in fundamentally improving conditions in West Philadelphia. Crime, low-performing public schools, deteriorated and vacant housing, failing commercial corridors, and poorly maintained streets and public spaces remained chronic and serious problems.

In addition, University investment and development decisions over the years had created new barriers between the University and adjacent communities. Urban renewal-era development to the north had produced a zone of newly constructed institutionally controlled office and residential facilities designed exclusively for the use of the University population or employees of the University City Science Center. These facilities, constructed on blocks previously occupied by homes and neighborhood-oriented businesses, discouraged interaction between the campus and the community. On Walnut Street, Penn had developed several large vacant parcels as surface parking lots, creating an unattractive streetscape along a major east-west corridor, the main access route to many key locations on campus. By deepening the divide between campus and community, these development activities reinforced neighborhood perceptions that the University was deliberately seeking to isolate itself from its surroundings.

By 1994, many people perceived 40th Street, a north-south corridor located at the western edge of the Penn campus, as an invisible boundary separating the University from the

residential community to the west. To be sure, 40th Street had no large restricted-access buildings or other barriers. It was heavily trafficked by pedestrians, buses, and cars, with a major subway stop at 40th and Market streets, a few blocks to the north of campus. Nonetheless, it did not offer a welcoming presence to either the campus or the community. South of Market Street, food markets, discount drug stores, a check-cashing agency, and a bar occupied deteriorating properties on blocks with numerous vacant storefronts. Farther south stood a large surface parking lot and an unattractive one-story retail strip with a poorly managed fast-food restaurant occupying the corner location.

By 1994, the worsening condition of University City neighborhoods and the lingering community resentment caused by Penn's past expansion projects created a two-fold challenge for the University: whether and how the University should take action to improve neighborhood conditions; and how to reduce the isolation of the campus from the community by creating a public environment with broad appeal and a welcoming presence to all.

The fact that neighborhood deterioration posed a serious threat for the University was dramatically underscored in 1996, with the murder of a Penn graduate student a few blocks from campus. Alarmed by this highly publicized crime and other incidents involving University students victimized by crime, a group of parents met with Dr. Rodin and Philadelphia Mayor Edward G. Rendell to demand an explanation of the measures being taken to protect their children from crime. According to Dr. Rodin's account of this event:

The parents did not want to hear us talk about what we planned to do. They wanted to see immediate results, or else they would pull their children out of Penn. And to make sure we got the point they...booed us off the stage. The time for further study was over. Penn's future was at stake. We needed to act.

Although planning for the West Philadelphia Initiatives was well under way in 1996, these events made it clear to Penn's leadership and administration that the University had reached a crisis point and that decisive action was needed to address critical neighborhood problems.

II. Policy and Organization

A policy decision to place leadership, management, and communications responsibilities in University administrative departments positioned Penn for success in implementing the West Philadelphia Initiatives.

Background

When faced with evidence of decline and deterioration in adjacent neighborhoods, an urban university may consider four policy options:

- Engage faculty and students in community-oriented academic programs and service activities, while understanding that these activities, no matter how well-intentioned or capably managed, may not by themselves decisively reverse neighborhood decline;
- Fortify the campus, through the construction of perimeter walls, the installation of gates, and the restriction of access by community members not enrolled at or employed by the institution;
- Leave the neighborhood or the city and locate a new campus in a more stable and controllable environment; or
- Make neighborhood revitalization a top priority and commit institutional resources to intervention strategies designed to fundamentally improve neighborhood conditions.

Penn's experience in West Philadelphia shows that academic programming, fortification, and abandonment are not the only policy options for institutions located in neighborhoods struggling with economic hardship and social need. However, committing to community revitalization requires an institution's leaders to make a series of associated policy decisions that provide a context for implementation. These decisions include selecting an approach for leading, administering, and financing the institution's neighborhood initiatives, and creating a system of communication and coordination between the institution and the community to guide design, organization, and implementation activities. Because institutions of higher education, together with medical institutions, may be among the few stable private entities in some inner cities, a commitment of this kind can be critically important to the economy of a city and its region.



Unlike neighborhood improvement ventures undertaken by other institutions, the West Philadelphia Initiatives were not part of an academic program. Instead, the Initiatives were an *administratively driven* approach that was *academically informed*, led and managed by the University's

President and senior administrators. For example, the goals regarding quality public education were initially formulated by the President and Trustees, in consultation with administrators, the Center for Community Partnerships, and the Graduate School of Education. The Center coordinated campus-wide academic resources to enrich new and existing public school and community programs, while the Graduate School of Education played a key role in the development, organization, and operation of the University-assisted public school (described in Chapter IX, "Education"). Key responsibility for planning, investing in, and developing the school, however, was assigned to senior administrators in the Office of the President and other University operating departments.

Placing leadership and operational responsibilities for the West Philadelphia Initiatives within the institution's administration is a key defining characteristic of Penn's approach to neighborhood revitalization.

Three Leadership/Administration Alternatives

Successful neighborhood reinvestment requires a combination of capital, supportive services, and capable management, sustained over a period of years. Organizing such a combination is difficult under the best of circumstances and even more difficult in cities like Philadelphia, which in 1994 was struggling with the problems of depopulation, an eroding tax base, and neighborhood decline on a citywide basis. Because



westward expansion by Penn through the assembly of land for projects such as the construction of three high-rise dormitories west of 38th Street. During the same period, Penn joined a consortium of institutions known as the West

Philadelphia Corporation that obtained federal funding to develop the University City Science Center along Market Street, a major east-west corridor located just north of the Penn campus. These two activities involved large-scale property acquisition and the displacement of hundreds of families, mostly African-Americans, as the Penn campus expanded north and west into areas that had previously been residential communities and neighborhood retail corridors.

One of the last instances of the use of the urban renewal approach in University City occurred in the mid-1970s, when the Redevelopment Authority, in the face of opposition from community residents and business owners, demolished a block previously occupied by several small retail businesses to make way for the construction of a new retail/office building. Successful advocacy for an end to demolition led to the withdrawal of University-supported plans for demolishing an adjacent row of properties on Sansom Street, now an attractive block of restaurants and shops.

Coordination and Program Support. Penn's relationship to West Philadelphia neighborhoods began to change during the 1970s and 1980s. In 1970, then-President Gaylord Harnwell created the position of Assistant to the President for External Affairs to "work on community problems such as street crime, overcrowded schools, and job discrimination which exist in [Penn's] own back yard." In 1985, the West Philadelphia Corporation was reorganized as the West Philadelphia Partnership, a nonprofit organization governed by a board consisting of representatives of area neighborhood and civic organizations as well as University City institutions. The Partnership has sponsored and supported a variety of activities since that time, with a strong emphasis on initiatives to employ West Philadelphia residents and support local businesses. A spin-off

organization, the Partnership Community Development Corporation, has developed sales and rental housing, operated counseling programs for first-time homebuyers, provided technical support to small businesses in neighborhood commercial corridors, and created a building maintenance company.

The Penn Program for Public Service, created in 1989, led in turn to the Center for Community Partnerships, founded in 1992, and under Dr. Rodin's presidency, the Center expanded its role in coordinating faculty and student academic engagement in the community, as well as its administrative role through the Office of Government, Community and Public Affairs to which it reports. The Center has become nationally recognized as an innovator in academically-based community service learning and university civic engagement. Through the Center, Penn faculty and students work with teachers, school children and community leaders to help neighborhood public schools become centers of learning, services, and engagement for the entire community. University-assisted community schools develop problem-solving curricula that address key issues such as urban health and nutrition, environmental health, and the arts. These schools also offer after-school programs, including America Reads and America Counts, and are open on evenings and weekends to support community programs.

Although these community-oriented activities benefited both the University and the surrounding neighborhoods, they did not involve a major investment of University funding in West Philadelphia.

Strategic Investments. During the 1970s and 1980s, the University purchased two strategically important properties west of the Penn campus - a former divinity school that occupied an entire city block, and a group of properties owned by the American College of Physicians. The purchase of the divinity school property proved to be particularly important two decades later, when the western half of this block was made available for the development of a new Penn-assisted public school (described in Chapter IX, "Education"). The College of Physicians transaction included several houses on key blocks, which Penn subsequently sold to University-affiliated employees.

In 1966, Penn launched an employer-assisted housing program, known as the Guaranteed Mortgage Program. The program provided mortgage guarantees as high as 120 percent (to fund mortgage principal, plus five percent towards closing costs and 15 percent for home rehabilitation/improvement expenses). However, this program was not specifically targeted to University City; the

neighborhood needs far outweigh available resources, formulating a policy to guide resource investment decisions must precede the advancement of plans for an ambitious neighborhood improvement initiative.

Making decisions about the extent of an institution's participation in leading, managing, or allocating staff or funding resources to support a neighborhood initiative is especially challenging for urban institutions with core missions – education or health care – not directly related to that initiative. For Penn, concerns about diverting some resources from the University's educational mission were outweighed by concerns that worsening neighborhood conditions might threaten Penn's ability to carry out its core mission.

The most important policy decision involves selecting a structure in which to locate responsibility for leadership and administration. For institutions with circumstances similar to Penn's, four types of leadership/administration alternatives exist. The following three options, though not adopted by Penn, are among those that could be considered by institutions in similar circumstances.

Leadership/Administration by Government

City development agencies or quasi-public entities (such as a local redevelopment authority or housing authority) may be willing to take on leadership and administrative responsibilities associated with an initiative to improve conditions in neighborhoods adjacent to an institution. However, government entities may not be well positioned to administer a multi-faceted, multi-year neighborhood revitalization effort and may not be well suited for an entrepreneurial role that requires creative thinking, flexibility, and consistent, reliable performance over a period of years.

Most importantly, a public-sector entity may not be prepared for a role that requires ongoing communication and collaboration with neighborhood interests to ensure that planned initiatives are broadly supported and to produce maximum benefit for community members. This issue was particularly important in West Philadelphia, with its prior history of urban renewal programs that had displaced many families during the 1960s. Given this background, placing a government entity in charge of a series of Penn-supported neighborhood initiatives was not a realistic option.

In addition, in light of the gradual decline in federal funding for cities, local governments lack support from outside sources for revitalization efforts. Most older cities would not be willing or able to contribute substantial

funding from the municipal budget to support an ambitious multi-year neighborhood reinvestment program.

Government endorsement of an institution's commitment to neighborhood revitalization activities is essential. Some of these activities may be funded through government programs. However, dependence on government as the primary leadership, administrative, and funding resource is unlikely to produce reliable results.

Leadership/Administration by Private Sector

Drawbacks similar to those associated with a government-driven option also led Penn not to select a private sector, for-profit entity to lead and manage the Initiatives. Capable real estate developers from the Philadelphia area and elsewhere could have been solicited to handle property acquisition, development, and management responsibilities. However, private developers are not equipped to lead and manage the kind of multi-faceted programs envisioned by Penn to fundamentally improve neighborhood conditions and stimulate a reversal of the decades-old pattern of disinvestment. Achieving this goal required more than expertise in real estate development.

As with the government-driven option, private-sector leadership would also have aroused community suspicions that West Philadelphia neighborhoods were facing gentrification by University-supported outside interests. Wide-ranging, ongoing communication and coordination between the University and the community were needed to make the West Philadelphia Initiatives successful. This need was less likely to be addressed effectively if a private-sector entity were placed in charge of the Initiatives.

Leadership/Administration by Nonprofit Organization

Most nonprofit development organizations and community development corporations (CDCs) are governed by community members, have a neighborhood-oriented mission and focus, and are willing to consider taking on major challenges in order to generate significant benefits for the communities they serve. Nonprofits and CDCs may also have access to government and foundation funding that academic or health care institutions cannot obtain directly. However, nonprofit agencies and CDCs may not have sufficient organizational capacity to lead and manage a complex, long-term reinvestment effort. In many cities, nonprofit organizations and CDCs produce small or moderate-scale real estate ventures and manage the delivery of services such as housing counseling. Relatively few such organizations have the leadership and management capacity to take on large-scale, multi-faceted efforts.

Another consideration that led Penn to reject a CDC-driven structure was the time required to organize and implement the Initiatives through a separate entity with its own mission, board leadership, and staffing. University leadership was convinced that immediate action was required and that taking the time to establish a nonprofit/CDC leadership and administrative role was not an option.

Despite the drawbacks associated with nonprofit/CDC leadership and administration, community-based development organizations may be able to play a more limited role in implementing one or more elements of a broad institutionally supported reinvestment initiative. Some CDCs, for example, have experience in sales or rental housing development and might be able to take on responsibility for housing development activities associated with a broader plan of action. In West Philadelphia, two community development corporations, the Partnership CDC and the People's Emergency Center CDC, each undertook a series of housing development and service activities that complemented and reinforced the West Philadelphia Initiatives.

Institutional Leadership and Administration of the West Philadelphia Initiatives

Penn chose to lead and administer the West Philadelphia Initiatives through the University, not through an outside entity or partnership. In President Rodin's words,



Chet Snedden

Only one entity had the capacity, the resources, and the political clout to intervene to stabilize the neighborhood quickly and revitalize it within a relatively short time period, and that was Penn. If Penn didn't take charge to revitalize the neighborhood itself, no one else would. Beginning with the

Trustees and me, the leadership of Penn would take full responsibility for directing and implementing the West Philadelphia Initiatives.

Unlike neighborhood improvement efforts sponsored by other institutions around the country, the West Philadelphia Initiatives were not structured as an academic project or an assignment to a community affairs department or staff person. Instead, the Initiatives were made a top-priority University policy that widely engaged the institution. Rather than consolidating responsibility for the Initiatives within a single office or appointing an administrator to take charge of these activities, Dr. Rodin chose to delegate responsibility and authority across the University's major administrative departments as part of a broad, decentralized reorientation of the University to this new priority.

From the beginning, Dr. Rodin worked closely with Penn's Board of Trustees to develop and oversee of the Initiatives. To provide for ongoing oversight as the Initiatives were implemented, Dr. Rodin asked the Trustees to form a standing Committee on Neighborhood Initiatives, equal in status to the Board's existing committees on finance, development, and other priorities. A steering committee of Penn administrators reports to this committee three times a year. The formation of the Trustees' committee and the reporting process underscored Penn's commitment to engage University leadership at the highest levels in the management and direction of the Initiatives.



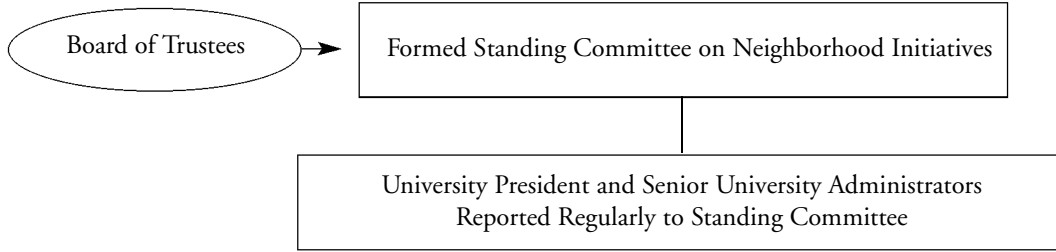
Tiger Productions.

Formerly vacant house rehabilitated by the Partnership CDC

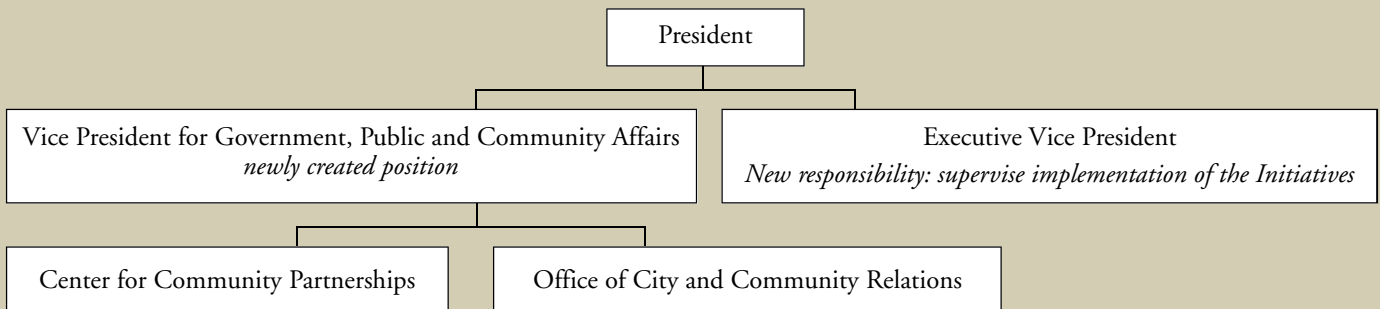
While launching the West Philadelphia Initiatives, the University of Pennsylvania considered the possibility of forming a Penn-owned nonprofit development entity that could lead the Initiatives, manage associated activities, and raise funds from a variety of sources to support these activities. Although the University pursued a different path, this approach has worked effectively for some other institutions engaged in revitalization activities.

West Philadelphia Initiatives Delegation of Responsibilities

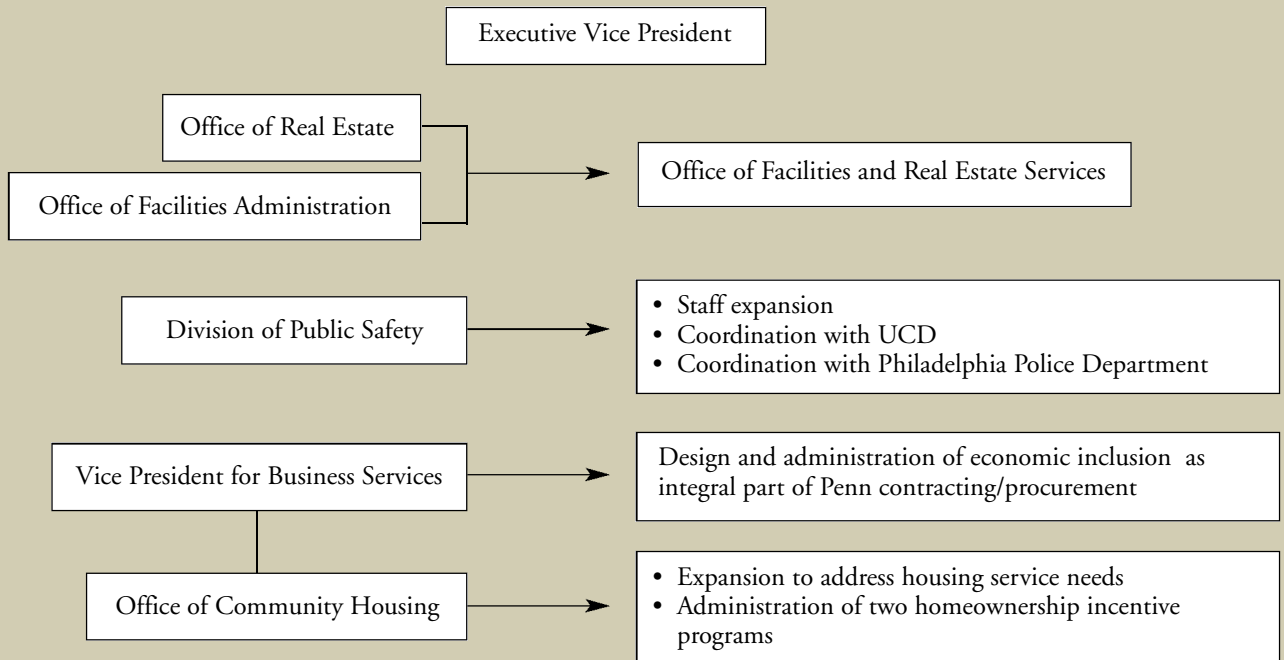
Leadership/Policy



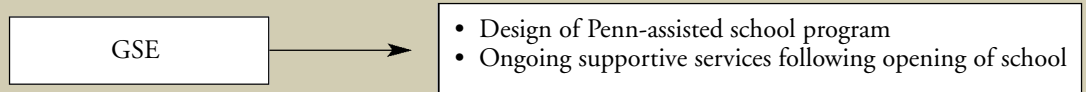
Leadership/Administration



Operations



Academic Partner



- The *Office of the President* provided overall leadership and direction through the direct participation of the President and the assignment of her Chief of Staff and other senior staff to handle key administrative responsibilities.
- The *Executive Vice President* handled direction of most of the implementation activities. The vice presidents of departments with major implementation roles reported to him.
- The *Vice President for Government, Community and Public Affairs*, a newly created position reporting directly to the President, helped manage ongoing communication and coordination responsibilities associated with the Initiatives through the Office of City and Community Relations and the Center for Community Partnerships.
- The University *Office of Real Estate* and *Office of Facilities Administration* merged to form the *Office of Facilities and Real Estate Services* in order to consolidate all responsibilities for real estate acquisition, development, maintenance, and management, to include campus properties as well as real estate acquired and developed off-campus for sale or rental in the private real estate market.
- The campus *Division of Public Safety* expanded its staff and its security patrol, worked in tandem with “safety ambassadors” employed by the University City District (a special services district organization, described below and in Chapter IV, “Neighborhood Services”), and facilitated coordination of both staffs with patrol officers from the Philadelphia Police Department.
- The University’s *Office of Community Housing* within the *Division of Business Services* was expanded to serve as an information and assistance resource for University-affiliated households interested in buying homes in West Philadelphia and administered two homeownership incentive programs to encourage homebuying in the area (described in Chapter V, “Homeownership”).
- The *Vice President for Business Services*, working with the Office of City and Community Relations, restructured and expanded Penn’s acquisition services efforts to make economic inclusion of neighborhood residents and businesses a fundamental part of the University’s ongoing procurement of over \$400 million in goods and services (described in Chapter VIII, “Economic Inclusion”).
- The *Graduate School of Education* took the lead in working with the Philadelphia School District and the Philadelphia Federation of Teachers on plans for the development of a new Penn-assisted public elementary school, later named the Sadie Tanner Mossell Alexander

University of Pennsylvania Partnership School or Penn Alexander School (described in Chapter IX, “Education”), and in providing ongoing support for teachers and administrators after the school opened.

The President’s Advisory Group, which includes the Provost, the deans of Penn’s 12 professional and graduate schools, and key vice presidents, provided regular input on the West Philadelphia Initiatives. Research faculty and students participated in course work and special academic projects associated with the Initiatives. Seminars and planning/design studios conducted by the Penn School of Design, for example, were devoted to topics of neighborhood concern, including planning, design, property development and re-use options for the 40th Street retail corridor. In this way, the Initiatives, although administratively driven, were also shaped by and in turn influenced the University’s academic curriculum.

Communications, Coordination, and Marketing

Penn also established policies for communicating information about the West Philadelphia Initiatives, coordinating plans with local constituencies, and marketing the University City area based on the mission and goals of the Initiatives.

Communications. University communications about Penn and its surroundings were designed to convey the following basic messages.

- The health and vitality of Penn and West Philadelphia are intertwined.
- Penn is deeply committed to West Philadelphia.
- Neighborhood revitalization requires efforts on many fronts simultaneously: schools, housing, economic development, retail development, and cleanliness and safety.
- Penn works in partnership with neighborhood groups, community organizations, and other local institutions to improve the West Philadelphia community and takes counsel and advice from community neighbors.
- Penn will not expand to the west to develop academic buildings or other institutional facilities.

Audiences for these messages included present and prospective area residents and community leaders; present and prospective students and their families; Penn faculty and staff; Penn alumni; City and school district officials; corporations and foundations; other academic institutions; and the media. Penn approached most of these audiences prior to the implementation of every element of the West

Philadelphia Initiatives. Penn administrators consulted with neighborhood and civic organizations and held meetings with elected officials before launching each program activity, so that major questions or problems could be anticipated and addressed and working relationships between the University and key constituencies could be reinforced and strengthened.

Coordination. Penn also established policies for starting and maintaining dialogue and information-sharing about the Initiatives with individuals and groups that needed to be involved during every stage of planning and implementation. Although the Initiatives were not a government-funded program, review of plans and responsiveness to questions and concerns raised by elected and appointed government officials were essential. Ongoing dialogue with Philadelphia Mayors Edward G. Rendell and John F. Street, and with City Councilwoman Jannie Blackwell, in whose district both the University and its West Philadelphia surroundings are located, was critically important. Regular communications were also maintained with State Representatives James Roebuck, Harold James, and Louise Williams Bishop; with State Senators Anthony Hardy Williams and Vincent Hughes, whose districts included portions of the University, the community, or both; with U.S. Congressman Chaka Fattah, whose district encompasses both Penn and its surroundings; and with U.S. Senators Arlen Specter and Rick Santorum.

The University's Office of City and Community Relations instituted a monthly "First Thursday" meeting with representatives of neighborhood organizations and civic groups to provide information about current plans and activities and to hear and respond to community concerns. The University administration also scheduled quarterly, semi-annual, and/or annual update meetings to provide information to and receive feedback from individual civic associations, nonprofit organizations, neighborhood groups, and area-wide coalitions (such as the West Philadelphia Partnership), as well as with interested citywide organizations (such as the NAACP, the Urban League, and the Black Clergy of Philadelphia and Vicinity). Open community meetings and planning processes were also integral to the development of the Initiatives and were organized as needed in response to specific situations. Planning for the Penn Alexander School, for example, involved the participation of more than 70 individuals from Penn, the neighborhood, and the City in a nine-month process (described in Chapter IX, "Education").

Marketing. Marketing of the University and University City during 1994 and the years that followed, particularly after 1997, reflected an effort to create a new image of the

University City area for current and prospective faculty, staff, and students, as well as community members in West Philadelphia, the City of Philadelphia, and the nearby suburbs. For the marketing of University City to succeed, the area had to be redefined and distinguished from the Center City area, from other Philadelphia neighborhoods with similar characteristics (such as Chestnut Hill and Mount Airy in northwest Philadelphia), and from similar communities within the Delaware Valley region.

Marketing and communications strategies were audience-specific. For students, these strategies focused on admissions marketing, briefings for student leadership, and stories submitted to the student newspaper, *The Daily Pennsylvanian*. For parents, strategies such as letters from the President and Parents Weekend presentations were emphasized. For faculty, the emphasis included targeted meetings and articles published in *The Almanac*, the University's "publication of record." Penn University Communications staff and consultants also worked on strategic story placement with local and national print and broadcast media, in order to highlight the progress of the Initiatives and to establish Penn's identity as an urban institution that was working successfully with its neighbors to complete an ambitious neighborhood revitalization agenda.



UC Green tree planting, with UCD Ambassadors in foreground

As one element of a University City marketing/promotion strategy, the University City District organization (described below) launched a series of "Third Thursday" promotional events designed to attract more people to University City during the evening hours. "Third Thursday" attractions included sidewalk sales, concerts, and performances, discounted or free parking, and special shopping and dining bargains.

University-Community Partnerships. Although the University administration played the leading role in the implementation of the West Philadelphia Initiatives, Penn chose to delegate certain tasks to other entities in order to make the most effective use of available resources and further develop civic infrastructure in the neighborhoods.

- **University City District (UCD)**, a nonprofit organization, was created to manage special services to enhance public area maintenance and public safety services within a broad area of West Philadelphia adjacent to Penn and other institutional campuses. UCD, described more fully in Chapter IV, “Neighborhood Services,” receives most of its funding from Penn and other West Philadelphia institutions, which are represented on the organization’s governing board. Among other activities, UCD now also administers UC Brite, a residential lighting program.



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- **West Philadelphia Partnership**, a University-supported nonprofit organization governed by a board consisting of representatives of University City academic/health care institutions and neighborhood organizations committed to improving the quality of life for those who live and work in West Philadelphia. Among its programs is the **West Philadelphia Improvement Corps (WEPIC)**, a year-round community school program operated in coordination with Penn. WEPIC involves over 10,000 children, youth, their parents, and community members in educational and cultural programs, recreation, job training, community improvement, and service activities at local public schools.

University-Business Partnerships. Many private-sector businesses supported the West Philadelphia Initiatives through investment and development activities as well as through monetary contributions and services. Two university-business partnerships were particularly significant.

- **Fannie Mae**, through its American Communities FundSM, provided a \$5 million investment in the Neighborhood Preservation and Development Fund. The University and Fannie Mae created the Fund as a resource for financing the rehabilitation of multi-family apartment buildings in West Philadelphia as part of a neighborhood stabilization and improvement strategy (described in Chapter VI, “Rental Housing”). Special underwriting initiatives by Fannie Mae strengthened Penn’s financial position in the Guaranteed Mortgage Program (one of the programs described in Chapter V, “Homeownership”), enabling the University to leverage other resources in support of this program. Fannie Mae also assigned a full-time project manager to oversee the corporation’s commitment to University City and address related communication and coordination issues involving both the University and the community.
- **Citizens Bank** committed \$28.5 million in financing targeted to neighborhoods within a broad area west of the Penn campus. This financing, administered by the bank in coordination with the University, provides home mortgages, home improvement loans, small business loans, interim financing for housing development ventures, an acquisition loan pool for nonprofit developers, and a grant fund for West Philadelphia nonprofit organizations. Within 18 months of the announcement of the partnership, Citizens’ financing of neighborhood revitalization activities had exceeded 300 percent of the bank’s own performance goal.

Results

Policy decisions made in 1996-97 led directly to the revitalization activities described in the sections that follow. The decision to centralize leadership and management responsibility for the West Philadelphia Initiatives within Penn’s administration ensured greater access to investment capital and strengthened Penn’s ability to respond quickly and reliably to emerging opportunities.

Penn’s new policy direction generated two additional benefits:

- Through Penn’s participation in community partnerships, the University increased its communication with diverse neighborhood constituencies, improving opportunities for collaboration and reducing the risk of town-gown conflicts; and
- Through Penn’s participation in business partnerships, the University leveraged substantial investment capital to support neighborhood improvement activities.

III. Planning

Following initial planning and early-stage implementation activities, the West Philadelphia Initiatives became defined in terms of five broad goals, each linked to specific implementation strategies.

Background

To be fully effective, any institution's engagement in urban revitalization must be based on and guided by planning that is strategic and implementation-oriented. The best planning approach for an institution that intends to play a significant role in neighborhood revitalization is one that has four defining characteristics.

- *Areawide.* Although many of the institution's initiatives will be targeted, planning must include a broader impact area, encompassing all of the neighborhoods that could be affected by the institution's actions.
- *Market-driven.* Revitalization plans must be based on an evaluation of real estate market characteristics as well as on social needs or political demands.
- *Data-linked.* Census data, municipal records, real estate market data, and other information must be used to evaluate neighborhood development potential and to identify, implement, and monitor institutional actions designed to take advantage of available opportunities.
- *Collaborative.* Communication and coordination with community members as well as community political leaders are essential elements of the planning process.

Because the cost of addressing neighborhood revitalization needs substantially exceeds the level of available resources, the institution's planning must focus on investment opportunities that build on existing neighborhood strengths, leverage other commitments of support, and produce tangible benefits for both the institution and the community.

Approach

Overall Approach. During the years prior to 1994, community residents, local civic associations, elected leaders, Penn faculty, and members of the University administration had all engaged in extensive planning to consider ways of addressing such issues as education, homeownership, and retail development in West Philadelphia. A variety of proposed initiatives had been explored at the community

level, and some revitalization planning had been completed and shared with University administrators. Many of the essential components of what became the West Philadelphia Initiatives were outlined initially in these community plans, and some related programs had been introduced (see below, "Planning Resources"). What changed the nature of Penn's planning for neighborhood revitalization after 1994 - and particularly after 1996 - was the University's commitment to full institutional engagement and a comprehensive program that would draw on the University's leadership, administrative capabilities, and resources.

Initially, Penn's advisor in the development of the West Philadelphia Initiatives was The Community Builders (TCB), an urban housing developer with a special focus on comprehensive neighborhood revitalization. After a period of development and collaboration with TCB, Penn institutionalized the process and the University's administrative staff took charge of all planning and implementation responsibilities.

One approach to planning for neighborhood revitalization adopted by many municipal governments is to make a public commitment to an overall development concept, then to pursue substantive planning in order to design and execute associated implementation strategies. An alternative approach is to engage in a public "visioning" process, through which community constituencies are invited to participate in establishing goals and priorities and organizing a framework for revitalization activities. In planning for the West Philadelphia Initiatives, the University chose to pursue neither of these approaches. An initial announcement of a "master plan" would have aroused suspicion about the University's motives (particularly in light of the negative experiences associated with Penn's expansion during the 1960s). The launching of a "visioning" process would have created unrealistic expectations and delayed or prevented implementation.

Instead, the University consulted broadly with community groups to develop a comprehensive revitalization strategy, initially building from community plans as the basis for Penn's own agenda. Then, rather than publicly announcing the adoption of this agenda or entering into a full community review of this agenda as a whole, the University made a conscious decision to "roll out" the West Philadelphia Initiatives individually; each activity was a proposed collaboration among Penn, community members, and other supporters. For example, UC Brite, an early

activity through which the University offered a financial incentive to encourage the installation of sidewalk and porch lighting, was proposed - and subsequently implemented - as a collaboration among the University and organized block groups, major landlords, the Philadelphia Electric Company, and the local electricians' union.

Penn's approach to planning for neighborhood revitalization made it possible to engage in dialogue with community members and work out problems by discussing specific individual program activities, rather than attempting to secure buy-in for a broad development concept or implement an approach without community involvement.

During the years devoted to planning and implementation activities associated with the West Philadelphia Initiatives, members of the University administration initiated or participated in regular meetings with community and civic organizations, as well as with elected and appointed officials. Penn administrative staff also made themselves available to organize or participate in meetings (convened in some instances by Councilwoman Jannie Blackwell) to address ongoing concerns, emergencies, or unanticipated problems. Penn's overall approach was based in part on the expectation that any University-sponsored activity would be likely to generate some degree of community suspicion and hostility, regardless of the extent of advance planning with community interests, and that Penn needed to be prepared to respond to unexpected criticisms and concerns. For Penn, as for other institutions in similar circumstances, confronting, addressing, and resolving expressions of suspicion, hostility, and opposition - some well-founded, others unfounded - became a major management responsibility that required ongoing attention.

Guiding Principles. The University's overall approach to the West Philadelphia Initiatives emphasized five basic principles, established by the administration and the trustee committee:

- Clear identification of investment priorities and return objectives;
- Leveraging of Penn resources with public, private, and civic support systems;
- Stimulation of market forces to revive the housing and commercial climate;
- Ongoing consultation and sustained dialogue with community members prior to and during implementation, and a willingness to modify plans as needed in order to maximize community support; and

- Commitment to improvement activities that are sustainable, so that, after an initial commitment of resources over a period of years, the University could limit its role in neighborhood reinvestment to focus appropriately on its core mission as an institution of higher education.

As important as determining what Penn would do to support the implementation of the West Philadelphia Initiatives was to specify what the University would not do. Prior to full implementation of the West Philadelphia Initiatives, the University administration and Trustees agreed on three additional principles.

- Not to expand the campus to the west or north into residential neighborhoods. Penn proposed to expand only to the east, where abandoned buildings and commercial real estate were the primary land uses.
- Not to act unilaterally. Penn would actively engage the community in candid dialogue about the University's plans before they were finalized and implemented.
- Not to promise anything that the University could not deliver. Penn's administration limited its commitments to those actions that could be implemented reliably, based on the availability of resources and capacity.

Goals and Strategies. Building on existing neighborhood plans developed by local residents, the West Philadelphia Initiatives were organized in terms of five broad goals, each linked to two or more strategies that were the focus of Penn-sponsored revitalization activities. The formal publication of goals and strategies did not occur until implementation activities were well under way.



Goal: Improve neighborhood services and capacity

Strategies:

- Establish a University City special services district to manage 1) coordinated sanitation, security, and other services, leveraging existing institutional services; 2) advocacy for improved city services and capital improvements; 3) monitoring of code and license violations; and 4) marketing and promotion of University City.
- Improve on- and off-campus pedestrian-oriented street lighting.
- Maintain a strong public-safety presence.
- Promote public and private initiatives to improve the area's public areas and streetscapes through community greening programs.

Goal: Provide high-quality, diverse housing choices

Strategies:

- In partnership with city agencies and community groups, acquire, improve, and recycle deteriorated or vacant properties in key locations.
- Attract new homebuyers to University City through financial incentives to encourage Penn-affiliated families to buy or improve homes in the neighborhood and through pre-purchase counseling services to prospective homebuyers.
- Stimulate new investment in West Philadelphia real estate by developing programs to support the rehabilitation of deteriorated or vacant multi-family properties.

Taken together, these five goals convey Penn's commitment to a holistic and multi-faceted approach, involving the simultaneous execution of several major implementation activities in order to produce significant short- and long-term results.

Planning Resources

Existing Plans. Penn initially based its approach on descriptions of community needs from a variety of plans developed over the past several years. These plans called for a comprehensive and sustained commitment to community revitalization and outlined several proposed activities, including public safety initiatives, retail development ventures, and the creation of a new university-assisted public school, that were ultimately incorporated into the West Philadelphia Initiatives.

Goal: Revive commercial activity

Strategies:

- Through joint ventures, invest in real estate development to improve the retail climate near campus.
- Acquire problem retail establishments and convert them to better uses in collaboration with area residents and businesses.

Goal: Accelerate economic development

Strategies:

- Leverage Penn business relationships to facilitate enhanced purchasing, contracting, and employment opportunities for West Philadelphia residents and businesses.
- Stimulate major business relocation and expansion in University City, using Penn's purchasing relationships (which supports \$650 million in annual institutional purchasing).
- Collaborate with public- and private-sector partners in commercial corridor revitalization efforts.

Goal: Enhance local school options

Strategies:

- Create a University-assisted pre-kindergarten through 8th grade public school in an adjacent neighborhood, with Penn's academic resources integrated into the curricular and community life of the school.
- Continue and enhance existing academic and institutional efforts to improve other area public schools.

These existing plans were documented in the following sources:

- City of Philadelphia publications, including *The Plan for West Philadelphia* (1991) and *Strategies and Actions for West Philadelphia Plan* (1994);
- Neighborhood plans generated by community-based organizations, including the Walnut Hill Strategic Neighborhood Plan (1994) and the Spruce Hill Community Renewal Plan (1995), both of which used Penn graduate student research and the support of Penn's Center for Community Partnerships; and
- A report on neighborhood improvement needs produced by an organization of Penn faculty and staff living in the University City community, Penn Faculty and Staff for Neighborhood Issues, known as PFSNI (1993). PFSNI's

goal in completing this report was to help the University preserve and sustain its neighborhood, calling on Penn to make “the well-being of the communities surrounding the University among the highest priorities of the institution over the next ten years.”

Cartographic Modeling Laboratory. Planning by the University’s Real Estate staff was aided by the department’s ability to gain access to neighborhood-level market and demographic data from the University’s Cartographic Modeling Laboratory (CML). CML, a joint venture between the University’s School of Design and the School of Social Work, brings together faculty members and students across disciplines to collaborate on urban and social policy projects through the use of Geographic Information Systems (GIS) and spatial research. The Neighborhood Information System designed by CML proved particularly useful to the University’s Real Estate staff in evaluating West Philadelphia neighborhood real estate markets and in formulating plans for housing acquisition and development.



Property Data from Neighborhood Information System

Neighborhood Information System

One key CML resource used to support planning for the West Philadelphia Initiatives is the Neighborhood Information System (NIS), created in 1999-2000. Two components of the NIS are particularly useful resources for planning activities.

- **parcelBase** is a “data warehouse” of address-specific housing and real estate data covering over 500,000 properties in Philadelphia. This data is made available through an agreement between the University and the City of Philadelphia, which updates these data records through downloads into NIS on a quarterly or more frequent basis. Information accessible through parcelBase includes size of property, owner’s name, date of purchase, purchase price, tax delinquency status, gas and water accounts status, city code violations, if any, and other data. In order to gain access to this information, an authorized user types in a specific address or selects a property by “pointing and clicking” the property location as displayed on a GIS property-boundary map.
- **neighborhoodBase** contains data about housing and neighborhood conditions aggregated by census tract, zip code, City Council District, and other geographies.

These two resources facilitate planning for investment by providing quick access to detailed information about individual properties as well as aggregated data about neighborhood characteristics. For example, an NIS user interested in considering opportunities to develop vacant property on a particular block may review the City real estate records for each address on the block, learn about the characteristics of the neighborhood in which the block is located, and compare conditions on the block and the neighborhood to conditions in other West Philadelphia neighborhoods or in the city as a whole.

Evaluation

Penn has evaluated the progress of the Initiatives at three levels through: 1) the Board of Trustees’ standing Committee on Neighborhood Initiatives; 2) the Executive Vice

President’s supervision of University administrative departments engaged in implementation activities, with direct reporting to the President; and 3) ongoing coordination and communication between University representatives and community constituencies.

IV. Neighborhood Services

To promote clean and safe streets and public areas in neighborhoods adjacent to Penn, the University supported the creation of a special services district, expanded Penn's Public Safety operations, and launched block improvement programs that included sidewalk lighting and landscaping.

Background

Urban neighborhoods such as those in West Philadelphia's University City area have many positive physical characteristics: large, attractively designed older homes, parks and community facilities, and a pedestrian scale with excellent access to public transportation. However, a neighborhood's attractiveness can be undermined if streets, sidewalks, and public areas are perceived as dangerous and appear to be poorly maintained. Evidence of criminal activity and quality-of-life problems, such as vandalism and graffiti, convey the impression that a community is unsafe. The sight of litter and uncollected trash suggests that a neighborhood is not well-cared for and is in a state of decline. Poorly maintained house fronts and yards and inadequately lighted streets can discourage residents and businesses from moving into or staying in the neighborhood. Maintenance and "curb appeal" are as important to neighborhood stability and community well-being as the most attractive and well-designed physical assets.



Although city government bears the primary responsibility for sanitation and public safety, reliable delivery of city services is often not sufficient to make older neighborhoods attractive to residents and businesses. Over the past two decades, special services districts (also known as Business Improvement Districts or BID's) have been

established in downtown business districts and some urban neighborhoods to address this need by providing enhanced maintenance and safety services, delivered in coordination with

ongoing city services. Downtown Philadelphia's Center City District, established in 1990 and one of the most successful such entities, has played a major role in revitalizing the city's central business district and adjacent residential areas by providing enhanced security and maintenance services, sponsoring streetscape improvement initiatives, and conducting ongoing marketing and promotion of the area to attract new residents and businesses. This combination of enhanced services and special programs can become a critical element of a broad improvement strategy for neighborhoods that need successes similar to those achieved in downtown districts.

Goals

In 1997, the University identified "safe, clean, and attractive streets and neighborhoods" as a priority. Primary goals of this priority included:

- Delivery of enhanced, better-coordinated security and sanitation services;
- Marketing and promotion of University City's residential and retail assets;
- Installation and upgrading of on- and off-campus lighting; and
- Promotion of neighborhood greening projects.

Approach

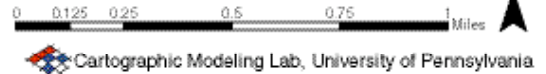
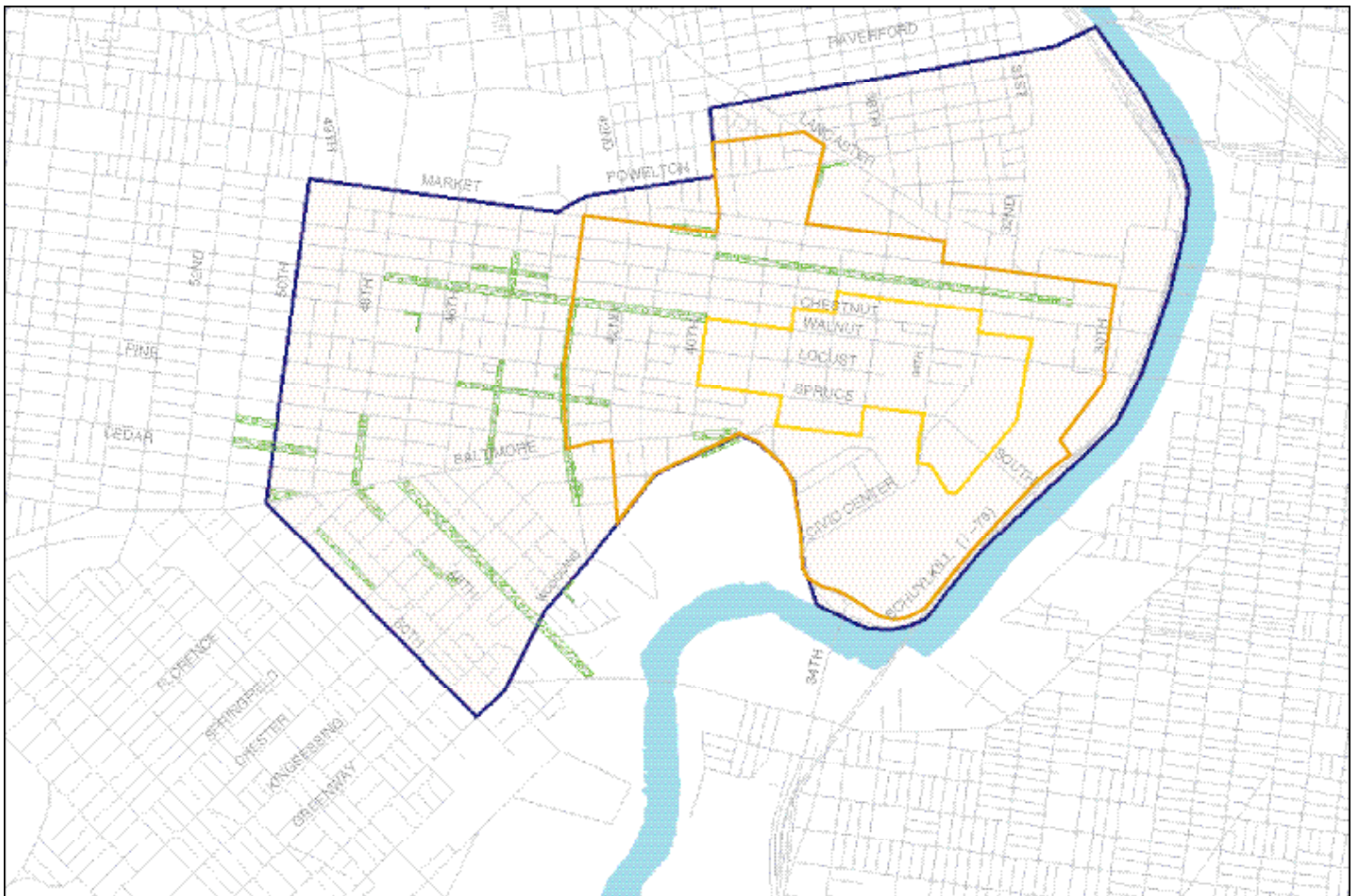
The University launched four programs designed to enhance the quality of life in West Philadelphia by maintaining clean and safe neighborhoods and to promote University City as an area offering a variety of diverse and exciting attractions for residents and visitors.

1. The **University City District**, the most significant of these programs, involved the creation of a special services district to coordinate sanitation, security, and other services and to promote the area's residential and retail assets.

UCD Mission

University City District builds effective partnerships to maintain a clean and safe environment and to promote, plan, and advocate for University City's diverse urban community.

University City District Report Card, 2004



Neighborhood Service Activity Areas

2. **Penn’s Division of Public Safety** increased its staff and patrol boundaries, moved its headquarters off-campus near UCD’s offices, and began to work closely with the Philadelphia Police Department and the University City District to address neighborhood security issues.
3. **UC Brite**, a University-sponsored program launched in 1996, with management responsibilities taken over by UCD in 2003, made available matching funds (provided by Penn and other funders) to support the installation of sidewalk lighting on 123 square blocks throughout the area.
4. **UC Green**, another program initiated by the University, provided resources and support for neighborhood greening projects, from street tree planting to playground development, completed in coordination with neighborhood groups and volunteers.

Program

University City District

The University City District (UCD) was created in 1997 by a coalition of the 11 key institutions in University City to serve as an independent, nonprofit management entity for a 2.2 square mile special services district encompassing several West Philadelphia neighborhoods, including 47,000 residents, 60,000 employees, and 40,000 students.

In planning for a University City special services district, Penn benefited from experience gained through the implementation of a community-sponsored pilot program launched in West Philadelphia several years earlier by a group of neighborhood leaders and rental property owners. Dismayed by the unsatisfactory quality of municipal and private trash collection services and by the persistence of litter as a quality-of-life problem, the group organized a pilot project that would support the cleaning of streets and public spaces for a

limited trial period. A group of landlords agreed to help fund this project, as did local residents, businesses, and institutions, including the University of Pennsylvania. The pilot project dramatically improved the appearance of the targeted neighborhood areas, subsequently influencing the University to create a permanent special services district.

Many special services districts, like Philadelphia's Center City District, generate operating funds through mandatory tax assessments imposed on properties located within the geographic area served by the district organization. This funding approach was not adopted in University City. Because a significant amount of property in this area is institutional and tax-exempt, a property tax assessment would not generate sufficient revenue to support needed programs. In addition, UCD organizers felt that property owners in the affected neighborhoods should not be subjected to any property tax increase. Instead, UCD is funded by voluntary contributions from the University of Pennsylvania and other area institutions, businesses, nonprofit organizations, civic associations, and individuals. In Fiscal Year 2003, 70 percent of UCD's \$5.2 million budget was funded by contributions from UCD board members from these constituencies, all of which are represented on UCD's 25-member Board of Directors. The University and its Health System are largest contributors to the budget. Other primary sources of revenue are fare collections from a shuttle bus service (10 percent of Fiscal 2003 budget), fees for services (eight percent), and grants (seven percent). While approximately two-thirds of UCD's funding is provided by the participating institutional partners, about two-thirds of the services provided by UCD are made available to off-campus residential blocks and neighborhood commercial corridors.

The UCD organization currently focuses on three areas of activity:

Clean and Safe. UCD Ambassadors, 34 uniformed staff members equipped with two-way radios, patrol the streets on a daily basis, providing information and assistance to

citizens, with their presence serving as a deterrent to crime. Sidewalk cleaning and graffiti removal are completed seven days a week by 24 Public Space Maintenance staff who clean about 160 square blocks daily.

Neighborhood Initiatives. UCD staff assists residents and businesses through ongoing service support, workshops, and incentive programs. A key area of activity is strengthening the Baltimore Avenue and Lancaster Avenue neighborhood commercial corridors, each of which is staffed by an on-site UCD corridor manager working closely with business owners and operators.

Marketing and Communications. UCD staff design and produce printed material, advertising, and a web site, and UCD sponsors special events to promote University City's dining, shopping, and cultural attractions. To supplement available resources, UCD staff also coordinates the organization's activities with government, corporate, institutional, and neighborhood supporters to leverage more resources for neighborhood improvements such as lighting, landscaping, streetscape, transportation, and signage projects.

The Philadelphia Police Department located a new substation with the offices of the University City District, which is the base for UCD's Safety Ambassadors. With the move nearby of Penn's Public Safety headquarters, public safety/security staffs employed by Penn, the City, and UCD were all based in close proximity to one another. Communication and collaboration to monitor activity and organize a coordinated approach to safety issues are ongoing activities.

Penn's Division of Public Safety

Penn's Division of Public Safety has adopted a multifaceted approach to supporting the West Philadelphia Initiatives. To address neighborhood needs and strengthen the tie between campus and community, Public Safety's headquarters moved off-campus to a neighborhood location, a block from the UCD/Philadelphia Police facility. Penn's patrol presence in University City was expanded by extending service area boundaries to include residential neighborhoods adjacent to campus and by increasing patrol hours. Since the launching of the Initiatives, the division has hired 19 new Penn Police officers, a 22 percent increase in the University's patrol force. One officer was assigned to a community-based Police Athletic League recreation center/youth services facility, and another was assigned to the Drug Enforcement Agency (DEA). Public Safety also created a Community Relations Officer position to address neighborhood organization and civic association issues and concerns.



Mark Garvin

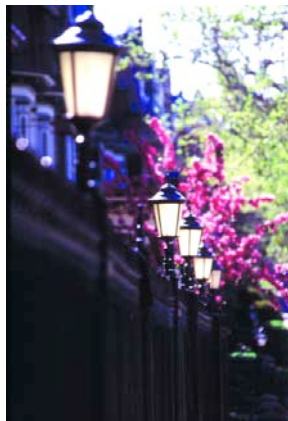
In addition to a full staff of 99 Penn Police Officers, Public Safety's program includes a Fire and Emergency Services Department; a Special Services Department that offers support services in coordination with UCD; a command and control communications center, known as PennComm, that operates on a 24-hour/seven-day basis; security officers obtained through a contract with a private firm, AlliedSecurity, to conduct patrol beats on and off campus; and a robust security technology program supported by closed circuit television (CCTV) cameras and emergency phones in readily accessible locations on campus and in the surrounding neighborhood.

Related activities by the Division of Public Safety include:

- Convening a monthly University City Public Safety Group meeting to support information exchange and collaboration among representatives of all safety, security, law enforcement agencies, and related service organizations operating within West Philadelphia.
- Developing an Off-Campus Safety Coalition comprised of City agencies and Fire and Emergency Services personnel, in order to ensure that neighborhood housing stock is maintained in safe condition and in compliance with municipal codes.
- Instituting special security checks on campus residences during academic breaks.
- Making traffic safety and traffic calming on major arteries a high priority.
- Initiating a pedestrian and bicycle safety "Share the Road" campaign, in conjunction with the Delaware Valley Regional Planning Commission, focused on major streets adjacent to campus.
- Adding 22 CCTV cameras on the streets through and around the campus.
- Working closely with University City real estate brokers and property managers on safety and security issues.
- Addressing the problems associated with homelessness, panhandling, and uncivilized behavior on city streets surrounding the neighborhood.

UC Brite

In 1996, the University of Pennsylvania and the West Philadelphia Partnership launched UC Brite, an initiative designed to improve lighting of public spaces throughout the community. The program reimbursed homeowners and rental property owners for up to half the cost of purchasing and



installing lighting at the sidewalk level, complementing existing street and house lighting, in an effort to promote safer pedestrian access. An innovative aspect of the program was the provision that only whole blocks - rather than individual homeowners - could apply for the matching funds, a requirement that led to the formation of new block

associations and closer community contacts. Assistance was provided through the International Brotherhood of Electrical Workers and the Philadelphia Electric Company (PECO). To date, more than 2,500 sidewalk and house lights have been installed at more than 1,200 properties, creating safer and more welcoming nighttime conditions on 123 square blocks throughout University City. Management of UC Brite is now handled by the University City District.

UC Green

Organized in 1998 as a project of the University, UC Green promotes, coordinates, and supports neighborhood greening projects in collaboration with community partners. Designed to serve as "an urban gardening collective" with a mission of "building community through greening," UC Green activities are based on several key principles: neighborhood consensus-building to select greening projects; the consistent application of design guidelines and standards (such as appropriate sizing of tree pits) to guide project implementation; and the matching of UC Green "mini-grant" funds with donated goods or "sweat equity." UC Green's programs depend on volunteer labor, with students from Penn and other colleges working alongside community residents and high school students on greening projects.

During its initial phase as a University-sponsored entity, UC Green became engaged in extensive gardening, landscaping, tree planting, and streetscape improvement projects at sites throughout West Philadelphia. With the Tree Tenders Program (sponsored by the Pennsylvania Horticultural Society) and the City's Fairmount Park Commission, UC Green coordinated "Tree Check 2000," an



official survey of existing street trees in University City. UC Green, which works closely with Penn's landscape architect, has a strong community advisory board with student representation from local universities and high schools. UC Green has recently obtained nonprofit status.

Results

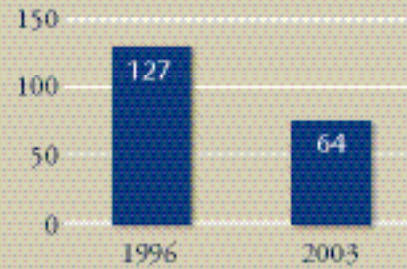
As a result of these activities, public safety has improved dramatically in the University City neighborhoods of West Philadelphia.

- Crime reports requiring a response by Penn's Division of Public Safety dropped by 40 percent overall between 1996 and 2002, with a 56 percent reduction in robberies, a 28 percent reduction in assaults, a 31 percent reduction in burglaries, and a 76 percent reduction in auto theft.
- Crime dropped an additional 14 percent overall between 2002 and 2003.
- In a 2001 survey of community members, 70 percent of the respondents indicated that the neighborhood's atmosphere had improved dramatically, and 71 percent indicated that they were feeling very safe in University City.
- Security on Campus, a national nonprofit organization, awarded Penn's Division of Public Safety the 2003 Clery Award, in recognition of the division's "innovative technological programs as well as its campus and community patrols."

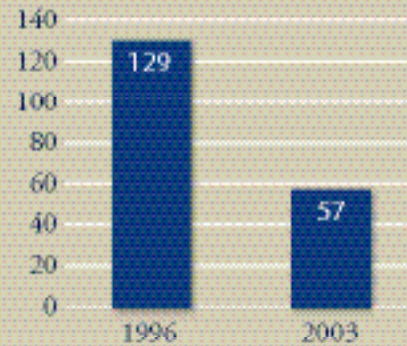
Other neighborhood services activities have achieved positive results on a large scale:

- Each year, UCD staff removes more than 2,500 graffiti "tags" and more than a million pounds of trash from the area.
- More than 150,000 copies of the UCD-published University City Visitors Guide have been distributed throughout the region, and the UCD web site is visited more than 20,000 times monthly.
- In 2002, UCD raised more than \$350,000 for programs to assist small businesses throughout the area. With support provided through UCD's commercial corridor program, eight new stores have opened.
- Since 1997, UCD has leveraged more than \$5 million to support signage, landscaping, transportation, and public open space improvements in University City.
- The UC Brite program installed more than 2,500 lights at more than 1,200 properties since 1996.
- UC Green renewed more than 25 residential blocks, created three children's gardens and five public gardens, and planted 10,000 spring bulbs throughout the neighborhood.
- UC Green has planted more than 450 street trees since 1998 on residential and main streets throughout University City, mobilizing more than 1,200 volunteers.

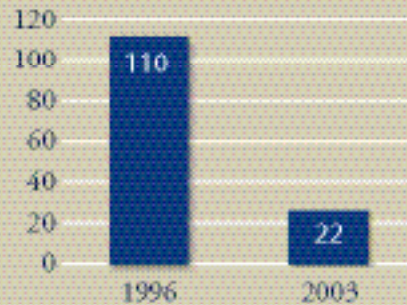
Burglaries Reported to DPS By Year



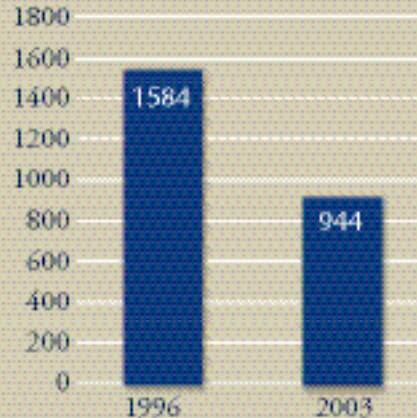
Robberies Reported to DPS By Year



Auto Thefts Reported to DPS By Year



All Reported Crime to DPS By Year



V. Homeownership

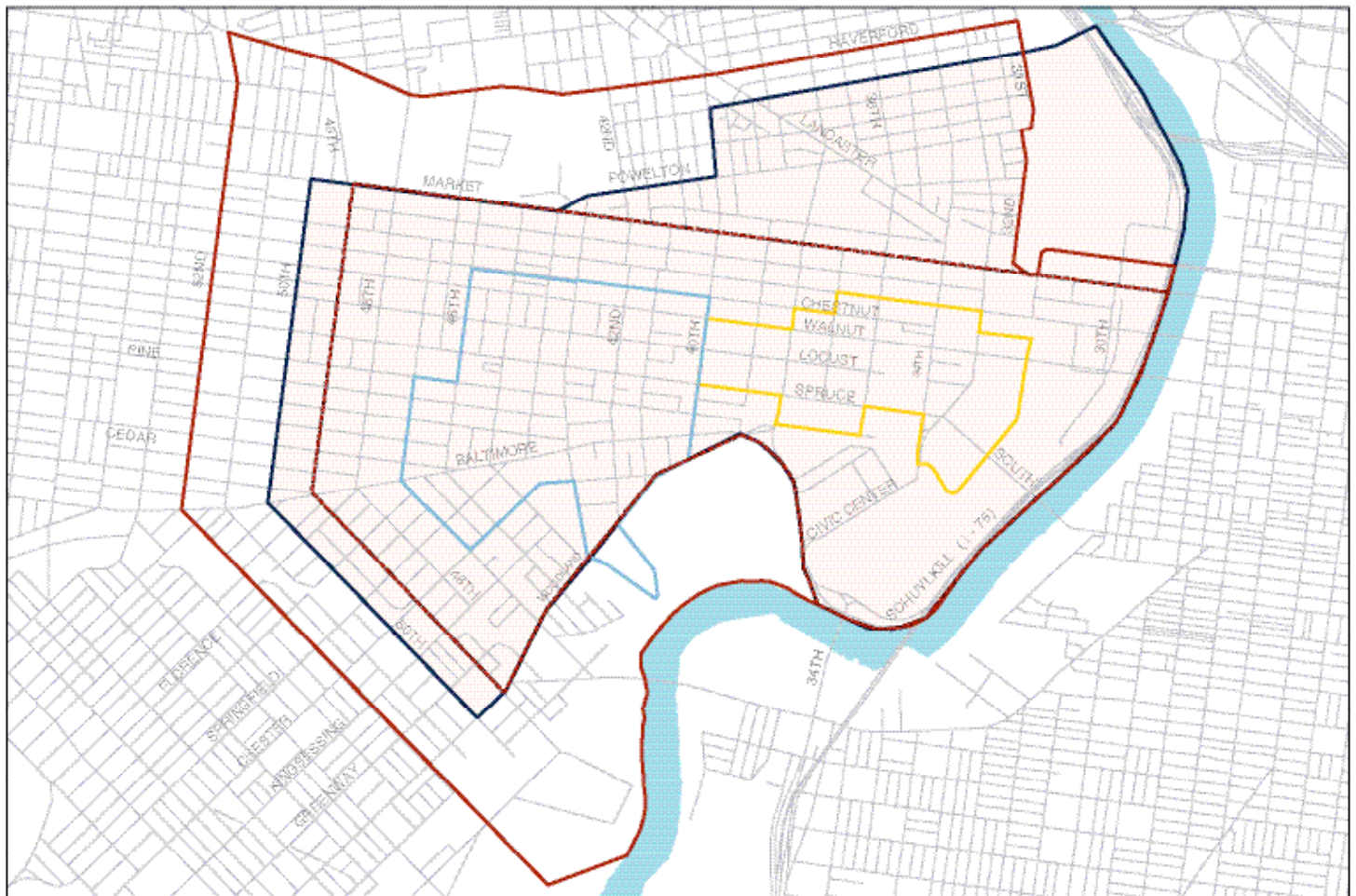
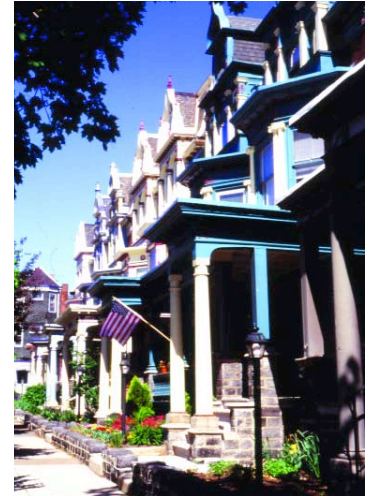
University-sponsored homeownership initiatives attracted more Penn faculty and staff to West Philadelphia neighborhoods, stimulated many home improvement projects, and strengthened the neighborhood real estate market.

Background

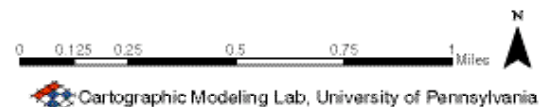
In neighborhoods bordering large institutions, homeownership is an important contributor to community stability, because owner-occupants are the people whose investment in the community—the value of the houses they occupy—is most affected by changes in the neighborhood real estate market. In many such neighborhoods, significant population turnover occurs every year as students come and go and interns or postdoctoral staff move on to pursue professional careers in other cities. In this environment of

change, homeowners are more likely to be long-term residents who possess an understanding of the neighborhood's history and an awareness of community strengths and weaknesses. Homeowners are not necessarily better citizens than renters, and homeownership is not a cure-all for neighborhood problems; but homeownership is an important element of a balanced community.

The level of homeownership in University City neighborhoods has traditionally been significantly lower than in



- Penn Campus
- Penn Alexander Feeder Area
- University City District
- Enhanced Mortgage Program (1998 to 2003)
- Enhanced Mortgage Program (2004)



Enhanced Mortgage Program and Other Targeted Activity Areas

the city as a whole. In the census tracts located nearest to the Penn campus, the level of owner-occupancy was 22 percent in 1990 and 23 percent in 2000, compared with 62 percent in 1990 and 59 percent in 2000 for Philadelphia as a whole. Although University City neighborhoods will continue to be characterized by a high demand for rental housing, a stable base of homeownership is critical to long-term neighborhood viability.

Goals

In 1998, the University launched a new employer-assisted housing program to encourage Penn faculty and staff to buy homes in West Philadelphia and to support Penn-affiliated homeowners who already lived in the area. These initiatives were designed to:

- Encourage more Penn faculty and staff to purchase homes in West Philadelphia, rather than in competing areas such as Center City;
- Strengthen community fabric by promoting the upgrading of residential facades;
- Increase neighborhood vitality through faster turnover and reoccupancy of homes in the single-family for-sale housing market; and
- Incorporate a housing incentive into the University's overall employee recruitment/retention strategy.

Approach

The University's approach to promoting homeownership was based on the following considerations:

Geographic targeting for program eligibility, to include a broad section of West Philadelphia, but exclude the nearby and initially more desirable Center City area (Philadelphia's downtown, located across the Schuylkill River east of the campus).

Homeownership subsidy funded by the University, rather than through a government or lending institution program.

Leveraging of resources, with release of University subsidy contingent on private mortgage financing (for homebuyers) or matching funds for home improvement (for existing homeowners).

Rehabilitation of selected vacant houses located on otherwise stable residential blocks, in order to remove blight, restore confidence in the real estate market, and improve neighborhood quality of life.

Administration and management responsibilities centralized in Penn's Office of Community Housing, a resource center with professional staff capable of managing an ambitious program combining outreach, supportive services, and information/referral to Penn-affiliated employees.

In addition to administering the homeownership incentive programs, the Office of Community Housing sponsors an annual Homebuying Housing Fair, Community Housing 101 (a seminar on homebuying in West Philadelphia and related University-sponsored programs), and seminars on credit counseling and repair, homeowner insurance, and hiring a contractor for home improvement or renovations. The Office of Community Housing also assists consumers in using the Fannie Mae *Homebuyer Handbook*, a step-by-step guide for decision-making about home selection, purchase, and maintenance.

Program

The University's homeownership strategy included significant incentives for both Penn-affiliated homebuyers and existing Penn-affiliated homeowner households in the West Philadelphia target area.

In the first phase of the program, from 1998-2004, the **Enhanced Mortgage Program** for homebuyers provided a forgivable cash loan of \$15,000, made available at mortgage settlement, or \$21,000, made available over a seven-year period, which could be used to pay closing costs or to fund home improvements. The loan was forgiven after the purchaser had lived in the home for seven years.

Enhanced Mortgage Program Eligibility Criteria

- Home must be buyer's primary residence.
- Home must be located within program target area (west of Schuylkill River to 49th Street, south of Market Street to Woodland Avenue).
- Cost of home must not exceed \$333,700, unless mortgage lender's appraised value or the mortgage amount (whichever is less) exceeds \$333,700.
- Condominiums must be Fannie Mae approved.
- Homebuyer must complete housing counseling session sponsored by Penn's Office of Community Housing.

At present, four lenders - Advance Bank, Citizens Bank, Commerce, and GMAC - have entered into agreements with

the University on Penn's homeownership incentive.

The Enhanced Mortgage Program complemented the University's existing **Guaranteed Mortgage Program** for University-affiliated households, which provided a 120 percent University guarantee of mortgages for home purchases by University-affiliated households within a broad area of West Philadelphia. The 120 percent University guarantee covered the purchase price, closing costs (up to five percent), and home repair/remodeling expenses (up to 15 percent). Since every employee eligible for the Enhanced Mortgage Program was also eligible for the Guaranteed Mortgage Program, the combined resources of the two programs gave Penn-affiliated homebuyers in West Philadelphia a \$15,000 cash incentive, a mortgage guarantee, and guaranteed financing for closing costs and home improvements.

The **Home Improvement Program** for existing homeowners (1998-2004) provided an interest-free loan of up to \$7,500, to be matched on a dollar for dollar basis, which could be used to fund eligible exterior improvement costs. The loan principal was forgiven at 20 percent annually over a five-year period, provided that the borrower continued to maintain the home as primary residence.

Home Improvement Program Eligibility Criteria

- Home must be buyer's primary residence during each year of the five-year loan principal forgiveness period.
- Property must be located within program target area (same as Enhanced Mortgage Program target area).
- The funds provided by the University must be used to pay for eligible exterior improvement costs; the owner's matching funds may be used for either exterior or interior improvements.
- Matching funds may be obtained from owner's savings, a private loan, a government program or other sources.

Many homeowners were originally attracted to West Philadelphia because of the attractive older houses that can be found throughout the area. The Home Improvement Program made it easier for University-affiliated homeowners to finance projects to improve these older houses through the upgrading or restoration of porches, steps, doors, windows, and cornices.

As home improvement projects funded through the

University's program emerged on many blocks, other owners were influenced to repair or upgrade their homes as well, generating more business for local contractors and expanding the scope of home improvement activities throughout the area.

The University also administered a **Vacant House Rehabilitation** program, through which 20 vacant houses dispersed throughout the University's designated homeownership target area were acquired, rehabilitated, and sold for homeowner occupancy. All of these houses had been neglected, deteriorated properties located on otherwise stable blocks characterized by occupied, well-maintained homeowner and rental housing. By bringing about the rehabilitation and reoccupancy of these nuisance properties, the program removed highly visible blight from residential blocks in need of stabilization, added more homeowners to the resident



Office of Community Housing



Candace di Carlo

Kitchen in University-rehabilitated house, before and after rehab

population, and encouraged additional investment on the affected blocks and in the community at large.

In this approach, the University served as both housing developer and source of housing subsidy. The latter was paid from the University budget, with no government support. Although the rehabilitation subsidy was a substantial expense for the University, the resulting development activity helped stimulate and restore confidence in the neighborhood real estate market during the initial years of the West Philadelphia Initiatives. By the end of the decade, the market had grown strong enough to attract developers to acquire, rehabilitate, and sell vacant houses on their own, without a special program intervention.

The rehabilitation of a vacant three-story house on the 4200 block of Pine Street illustrates the impact of this program in stimulating other investment. Following acquisition and rehabilitation of this property at a total cost of \$240,000, the house was sold for \$200,000, costing the University \$40,000 in subsidy expense. Within three years of the sale, nearly half the other houses on the block had been repainted. Several front yards, formerly paved with concrete, were landscaped with grass and plantings, and trees were planted on both sides of the street. Although not all of these changes can be directly linked to the vacant house rehabilitation, this experience demonstrates how the transformation of a blighted property into a valued new asset may have a substantial “ripple” effect in stimulating the improvement of adjacent or nearby properties.

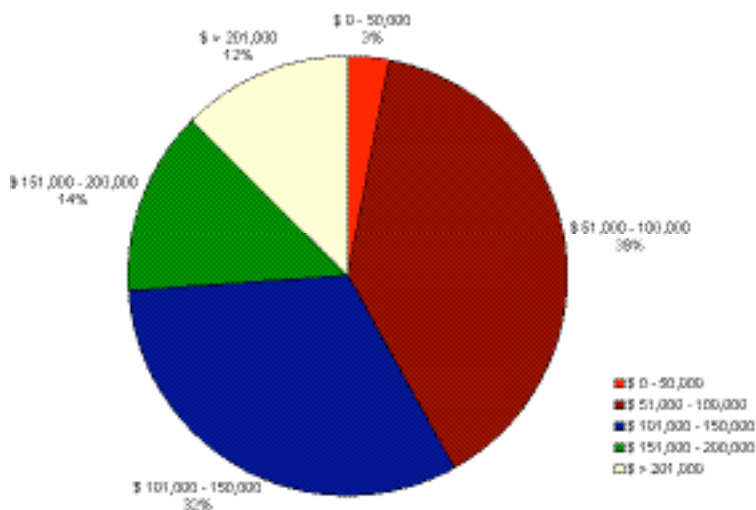


Results

Between 1998 and 2004, the Enhanced Mortgage Program supported a range of home purchases involving a diverse group of University-affiliated homebuyers.

- Of the 386 home purchases supported through the program between 1998 and 2004, 291, or 75 percent, involved mortgages of less than \$150,000 (40 percent under \$100,000), with an average mortgage amount of \$120,489.
- A total of 146 households participated in the Home Improvement Program between 1998 and 2004.
- The Enhanced Mortgage program leveraged \$48.57 million in private lender mortgages through the end of

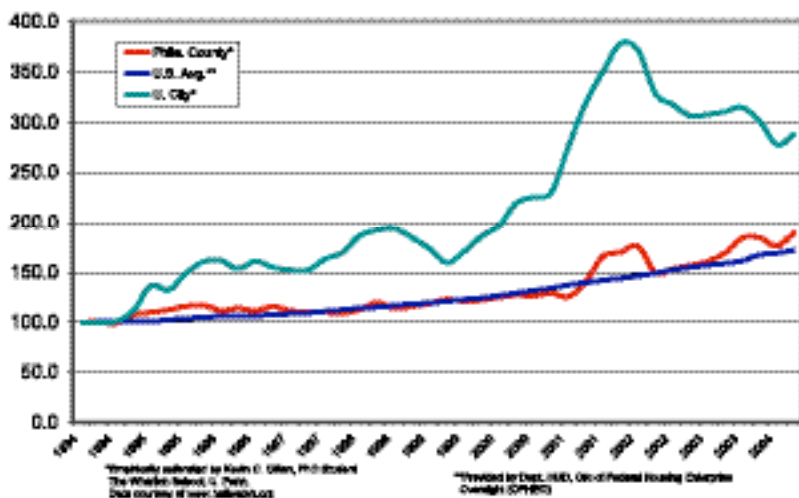
Homes Purchased through Enhanced Mortgage Programs 1998-2003



2003. The Home Improvement Program leveraged almost \$1.1 million in matching debt and equity financing for home repairs and modernization during the same period.

- Properties in University City appreciated 154 percent in value over the past 10 years. As shown in the graph on the preceding page, University City house prices grew at a substantially higher rate than prices for Philadelphia

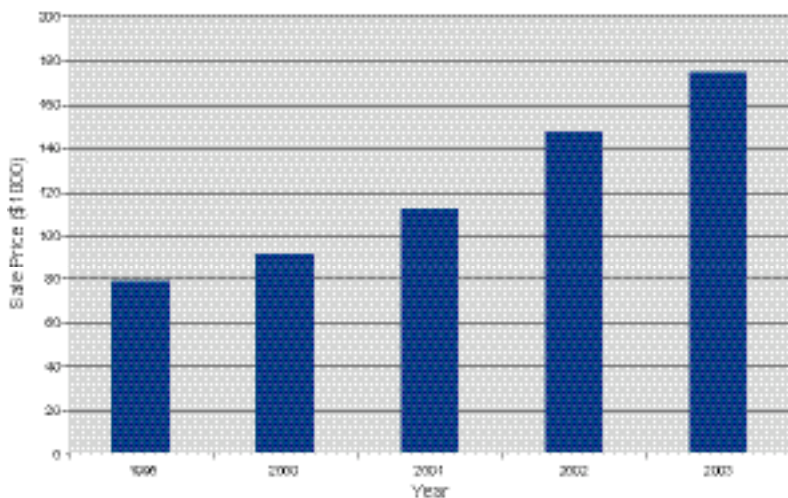
House Price Indices 1994-2004
University City, Philadelphia County and U.S. Average, by Quarter



and the rest of the country during this period. The “spike” in University City prices shown in the graph for 2001-02 is interpreted as an overreaction to Penn’s homeownership incentives, followed by a correction and stabilization of the market at a more desirable lower level.

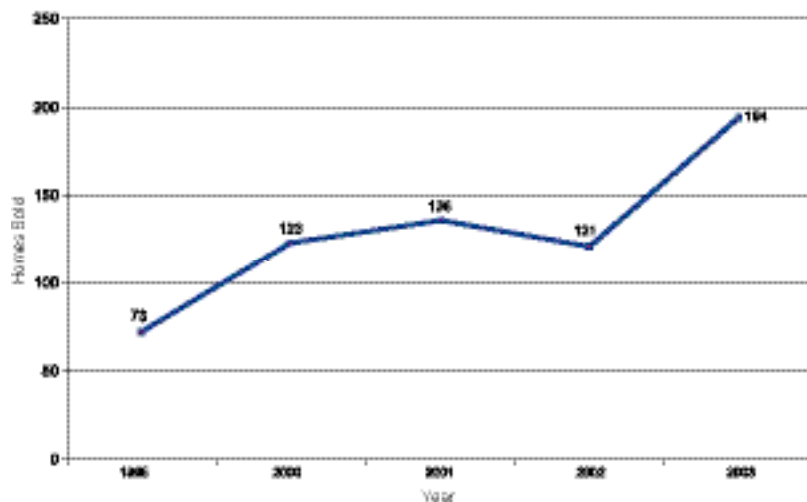
Although Penn’s homeownership incentives were not the only factors influencing single-family sales and home improvements in University City, these incentives contributed significantly to the strengthening of the neighborhood real estate market.

Average Home Sale Prices in University City (1995 - 2003)



- Average sales prices of single-family houses rose from \$78,500 in 1995 to \$175,000 in 2003.
- According to local real estate brokers, single-family homes for sale in the mid-1990s had often remained listed and unsold for months. By 2003, the average number of days on the market for home sales had dropped by 70 percent, with some houses under agreement of sale within days of initial listing.

Number of Homes Sold in University City (1995-2003)



2004 Program Modifications

In light of the success of the University’s homeownership incentives in encouraging home purchases in University City by Penn-affiliated families and in stimulating the single-family real estate market, Penn modified the program in April 2004 to maximize the effectiveness of available funding and to leverage other resources.

- The eligibility area was expanded to encompass properties located between the Schuylkill River on the east and south, Haverford Avenue on the north, and 52nd Street on the west.
- The home purchase cash incentive - which was changed from \$15,000 to \$7,500 - could be used to support the purchase of a single-family home in the targeted area, as well as to convert a house from multi-family to single-family, owner-occupied status.
- Within the targeted area, houses valued at \$75,000 or less and occupied by Penn-affiliated families were eligible to receive a grant of \$7,500 to support interior and exterior improvement projects.

VI. Rental Housing

Through the capitalization of a new fund and the assignment of University personnel to develop and manage targeted rental properties, Penn improved the availability, affordability, and quality of rental housing in University City and attracted more market-rate investment and development to the area.

Background

In a neighborhood real estate market weakened by decades of population loss, the deterioration of the rental housing stock is likely to be a serious problem. With the passage of time, a protracted decline in market demand and an associated increase in rental housing vacancy will lead some apartment building owners to cut back on maintenance and repairs, and, in some cases, to simply collect rents until the building is shut down by city enforcement agencies or abandoned by the remaining tenants. As a result of neglect, deteriorated apartment buildings are highly visible community eyesores that attract squatting, drug sales, and other criminal activity. Vandalism and the threat of fire are constant dangers associated with such properties.



Alexandria

Although some vacant or partially occupied apartment buildings require demolition, rehabilitation and reoccupancy under responsible management is usually more desirable. The challenge for institutions seeking to improve neighborhood conditions is to determine how best to stop the deterioration of some of the worst “problem” properties to strengthen the rental market and stimulate additional reinvestment in multifamily housing in the community at large.

Good-quality, reasonably priced rental housing is a critical component of a balanced, stable urban neighborhood, regardless of whether the occupants of this housing are affiliated with the campus. In a neighborhood undergoing revitalization, maintaining a supply of reasonably priced rental housing is the most direct way to address the threat of displacement of lower-income residents. Although most University City renters are not affiliated with Penn, sustaining affordable rental housing was an important University priority.

Accessible, reasonably priced, well-maintained rental housing, preferably located within walking distance of campus, is also an essential asset for many academic and health care institutions. Most such institutions do not own and operate enough dormitories and apartments to satisfy the housing needs of all of their students - and would not want to. In most instances, institutionally operated housing needs to be complemented by a substantial supply of off-campus rental housing for students, faculty, staff, and others affiliated with the institution.

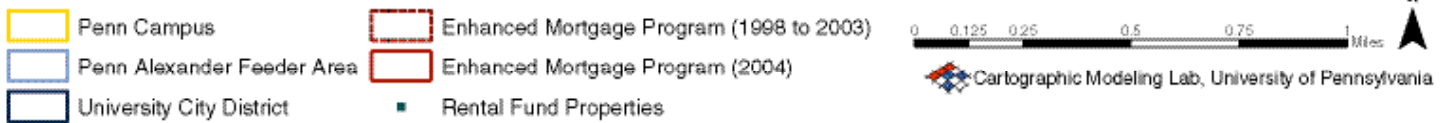
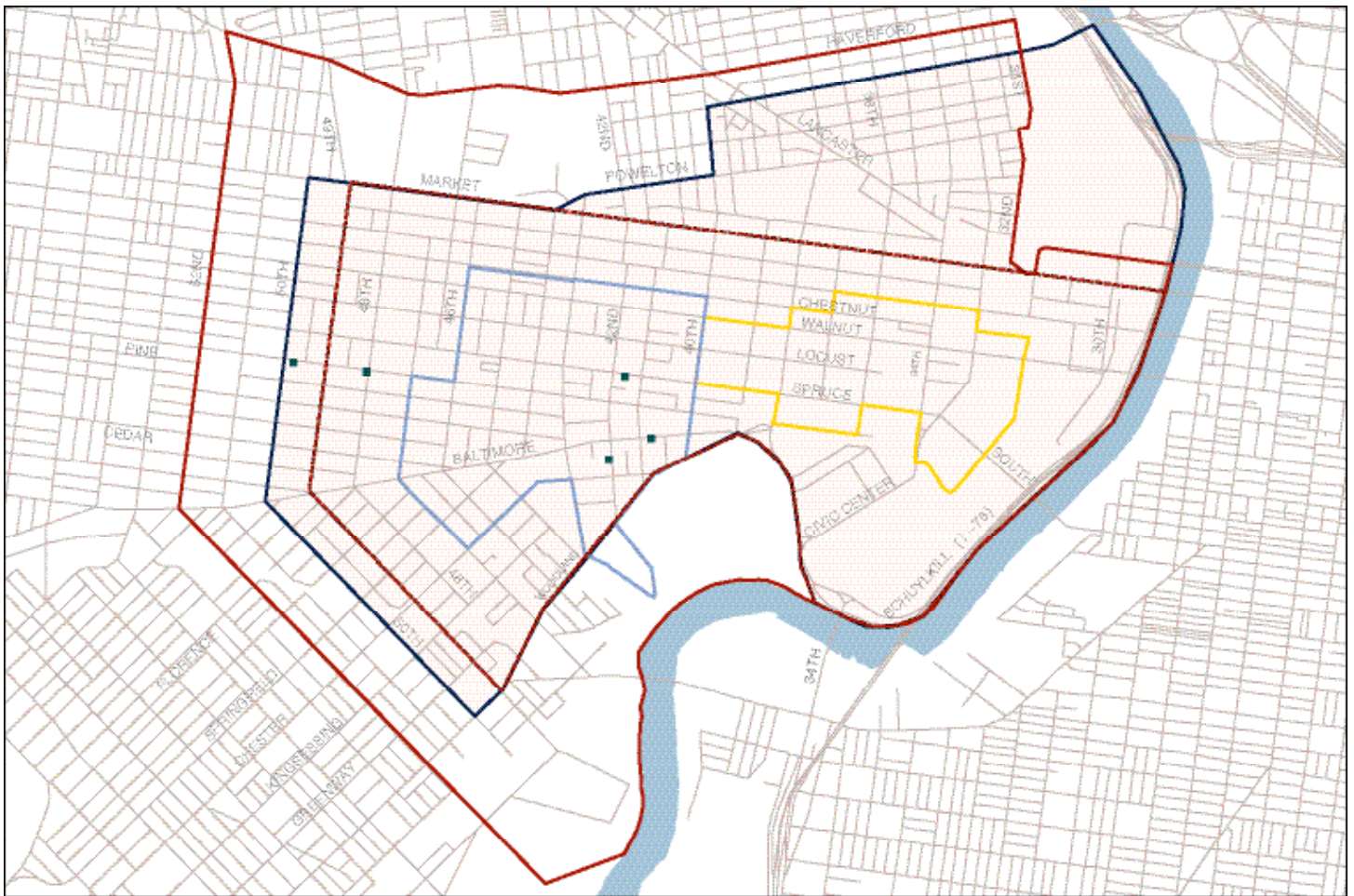
Goals

Penn made a substantial commitment of University resources as part of a strategy to provide quality rental housing choices. This was a particular challenge given the housing market in University City, where 77 percent of the housing units are multi-family. The University’s primary goals in this endeavor were to:

- Use a limited investment by Penn to leverage substantially greater private-sector investments in the University City rental market; and
- Intervene to stop the deterioration of strategically located apartment buildings and, through the restoration of some of these key properties to full occupancy, stimulate market-rate development activity.

Approach

The University’s approach to strengthening the rental housing market was guided by an expectation that profitable results could not be generated in the short term. Two factors - the weakness of the existing market and the deteriorated condition of the buildings that would be targeted for development - ensured that Penn’s activities, no matter how cost consciously and efficiently managed, would not generate profits in the short run. Despite this lack of short-



Rental Housing Investment Sites

term profit potential, the designers of this initiative expected that a limited commitment of Penn funding could strengthen the market enough to attract private investment in subsequent years without further University intervention.

Pursuing development subsidy financing through state or city government programs was not regarded as a worthwhile strategy for reducing Penn’s financial commitment and lowering the risks associated with an effort to improve University City’s rental housing inventory.

- The Commonwealth of Pennsylvania’s primary rental housing program is the state-administered federal Low Income Housing Tax Credit (LIHTC) and a state-funded rental housing subsidy program known as PennHOMES. Both the tax credit program and PennHomes are administered through the Pennsylvania

Housing Finance Agency (PHFA). Neither of these programs was designed to support the development of a mix of neighborhood resident and student housing, and the underwriting and application processing associated with both programs would have reduced Penn’s flexibility in implementing its program.

- During the 1990s, the City of Philadelphia relied almost exclusively on U.S. Department of Housing and Urban Development (HUD) funding to support its housing programs, and most of the City-administered funding allocated to rental housing was used to leverage PHFA financing through the LIHTC and PennHOMES programs. In addition, the budget-allocation, proposal review and project underwriting process would likely have required a year or more of interaction with city agencies.

Program

The foundation for the University's rental housing initiative was the Neighborhood Housing and Development Fund, created in 1999, which financed the rehabilitation and upgrading of a \$5 million portfolio of properties Penn acquired. Penn's financial commitment leveraged a commitment from Fannie Mae, which was followed by funding commitments from University of the Sciences in Philadelphia, Commerce Bank, and Trammell Crow to generate \$51 million in debt and equity financing (Trammell Crow and Fannie Mae are no longer participants in the Fund). The Fund was structured as a limited liability company in which Penn and Fannie Mae shared the general partner role equally. Other participants in the Fund held limited partner positions.

The Fund's goal was to acquire and renovate a targeted portfolio of up to 1,200 rental units within an area bounded by Market Street, Woodland Avenue, 40th Street, and 49th Street. Acquisition efforts focused on highly visible, deteriorated or poorly managed properties that threatened the stability of the neighborhoods in which they were located. Fund participants expected that the Fund would stabilize and enhance neighborhoods within the targeted area while generating a reasonable return on investment.

By the end of 2001, the University's portfolio consisted of five properties with a total of 211 rental units. One of these buildings, the Cornerstone at 48th and Pine streets, consisted of 116 units; the other four properties housed between 13 and 39 units. Factors associated with the University's site selection and development decisions during this period included the following:

- The properties were located on blocks with little or no other housing vacancy.
- The properties were privately owned and available through negotiated purchase, without the need to pursue more time-consuming tax sale or eminent domain acquisition strategies.
- The acquisition cost of the properties ranged from \$21,200 to \$52,500 per unit.
- Total capital improvement costs between 2000 and 2002 ranged from \$32,200 to \$64,800 per unit.

Penn's development and asset management strategy took these actions:

- For each property, safety and security issues were addressed through the quick implementation of a building improvement plan.



FRES

Cornerstone

- As the improvement plan was implemented, the existing tenant base and conditions in the real estate market were evaluated and rent adjustments followed, as appropriate.
- An asset manager for the Fund was appointed to take responsibility for overseeing this strategy.
- A percentage of the Fund's overall portfolio was targeted for below-market rents, to sustain a balanced tenant base.

Results

Through the capitalization of the Fund to finance rental property acquisition and upgrading, Penn has improved more than 200 units of rental housing in University City since 2000. Buildings that had been significant community problems a few years ago are now attractive, fully occupied, well-managed neighborhood assets. The renovated buildings returned to the rental market as a result of the University's intervention are occupied by a combination of tenants from the neighborhood and Penn.

Between 1998 and 2001, the proportion of graduate students renting in West Philadelphia rose from 23.8 percent to 28.6 percent. During this period, the proportion of Penn undergraduates living in West Philadelphia decreased, from 77.4 percent to 65.6 percent. This data suggests that, as planned, the student population of West Philadelphia neighborhoods grew slightly smaller and slightly older during these years at the same time as the rental property inventory improved.

Improvements in rental housing were not limited to Penn-owned apartment buildings. As the implementation of the West Philadelphia Initiatives began to produce visible improvements in the neighborhood environment, private

investment increased in many sections of University City. A significant number of these privately financed ventures were small-scale building improvements that, taken as a whole, significantly upgraded the area's rental housing stock. By the early years of the 21st century, the rental market had improved sufficiently to attract private investment in major rental development ventures.

The Left Bank, a 282-unit conversion of a formerly vacant industrial building east of the Penn campus to luxury apartments, was completed in 2002 as a privately developed,

privately financed venture involving real estate that had been acquired and landbanked by Penn. University Crossings, the conversion of a long-vacant former office building northeast of the campus through a joint venture involving Drexel University and the Philadelphia Management Corporation, opened in the same year. The completion of these ventures illustrates the growing attraction of University City as a location for private investment and development following the implementation of the West Philadelphia Initiatives.

Cornerstone (formerly the Pines Apartments) 4800 block of Pine Street A University-Sponsored Rental Housing Preservation and Development Venture

The Cornerstone, a 116-unit complex of three apartment buildings on the 4800 block of Pine Street, is located in the Garden Court neighborhood. The property is eight blocks from the western edge of the Penn campus, in a neighborhood that includes single-family housing to the south, other mid-rise apartments to the west and north, and a small retail corridor a block away.

During the 1980s, the properties, then known as the Pines Apartments, were owned by a painting contractor. Although these early 20th-century buildings were good housing stock, with hardwood floors, plaster walls, and crown molding, they had been poorly managed, with a history of deferred maintenance and code violations. The properties contained 125,000 square feet of gross building area and 92,500 square feet of gross living area.

Following more than a year of negotiation, Penn purchased the properties in 2001 at a price of approximately \$4.5 million, a per-unit acquisition cost of about \$38,800. While the properties were under agreement of sale, Penn removed an underground oil storage tank from the parking lot area, addressing the most significant environmental remediation need. Following settlement, first priority was devoted to addressing life-safety issues through the addition of more lighting and the installation of fire alarms and smoke detectors. The next priority was an upgrading of the buildings through the following activities:

- Improvement of landscaping and exterior lighting;
- Installation of new or rebuilt boilers;
- Completion of extensive plumbing work;
- Sanding and refinishing of hardwood floors;
- Installation of modern cabinets, appliances, and fixtures in kitchens and bathrooms, and the upgrading of hallways and common areas.

The total cost of these renovation activities was approximately \$600,000. The basic floor plan and configuration of dwelling units remained unchanged. Most apartments are studios (370 to 385 square feet), one-bedroom units (435 to 735 square feet), and two-bedroom units (1,000 to 1,300 square feet). At the start of 2004, studios rented for \$585, one-bedroom units for \$660, and two-bedroom units for \$725. All units are metered for electricity and cooking gas.

Although current student occupancy is higher than previously, most tenants are neighborhood residents with no Penn affiliation.

VII. Retail Development

By supporting the development of a series of shopping, dining, and entertainment ventures while assisting in the revitalization of traditional neighborhood commercial corridors, Penn strengthened University City as a retail destination for shoppers from the campus, the community, and beyond.

Background

New retail development can reinvigorate city streets, create business and job opportunities, and attract outsiders to urban communities occupied by institutions and residential households. However, success in promoting retail development in such an environment requires a balancing of opportunity and risk factors. For an urban institution committed to neighborhood revitalization, this balancing of opportunity and risk needs to be evaluated from two perspectives.



Jim Abbott

- *Buying power and retail development potential.* The campus population, consisting of students, faculty, interns, and staff, collectively represents a very high level of potential consumer buying power. To the extent that a substantial portion of this population's retail expenditures can be captured by stores, restaurants, and other retail locations near campus, retail development can be very successful. However, the availability of prospective shoppers alone is not sufficient to guarantee retail success for two reasons. First, many members of the campus community do not live in nearby neighborhoods and may be attracted to retail destinations that are located in their own communities or on the routes they travel to campus. Second, many prospective shoppers are absent from college and university campuses during the summer months and a portion of the winter holiday season, reducing their level of potential support for nearby retail sites.

- *Campus/neighborhood linkage.* To overcome these limitations, retail ventures need to attract customers from nearby residential communities and elsewhere in the city as well as from the campus. Retailers must offer a product mix that appeals to this broad customer base. Stores need to be located close enough to campus to attract students, but not so close as to make neighborhood residents feel unwelcome. New retail ventures must complement products and services offered by existing neighborhood businesses to round out the area's retail mix rather than erode the competitive position of existing community-based businesses.



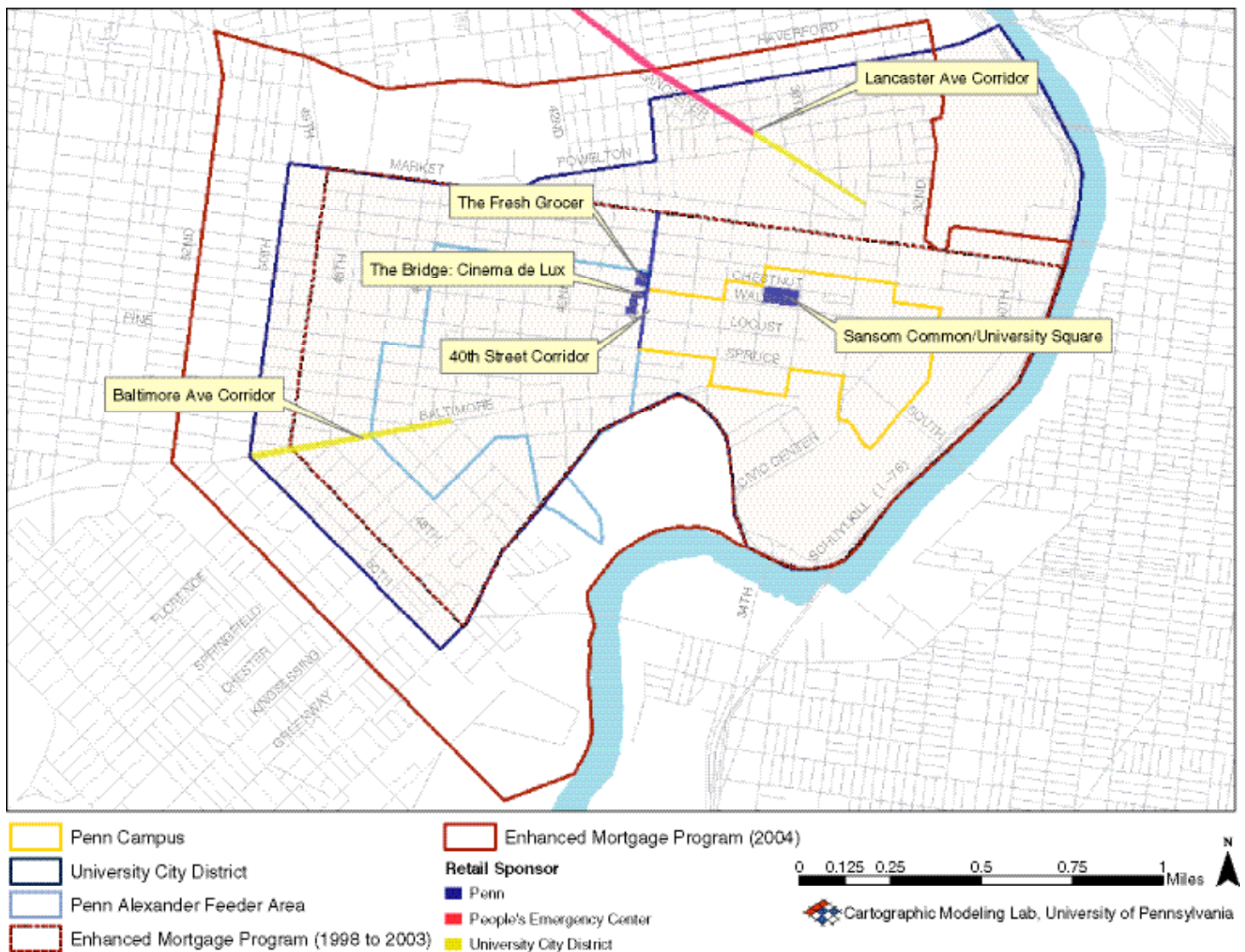
James R. Mann

Overcoming these challenges requires careful planning, involving both campus and community constituencies, followed by the development of retail facilities that draw fully on the aggregate buying power of this diverse customer base.

Goals

As a key component of the West Philadelphia Initiatives, the University undertook a series of development ventures that produced new retail facilities on vacant or under-used sites that were accessible to shoppers from both the on-campus community as well as the surrounding residential area. In broad terms, the University's retail development strategy was designed to:

- Create an appealing retail environment in the vicinity of the campus;
- Strengthen University City's competitive position as a retail destination for West Philadelphia residents (including both on- and off-campus residents) and others; and
- Through these activities, strengthen the ties between the campus and its neighboring communities.



Location of Retail Revitalization Activities

Approach

The University's initial approach to retail development involved a supply and demand analysis and qualitative focus group research.

The supply and demand analyses, based on demographic data, on-site surveys, and information available through the International Council of Shopping Centers and other industry sources, identified a projected 2004 primary trade area population of 47,800 with an average household income of \$38,000. Based on an inventory of existing retail space and the application of industry formulas, the University determined that the primary trade area had the potential to support nearly 400,000 additional square feet of retail space, developed for uses such as shoppers' goods, apparel, furnishings, groceries, dining, and entertainment. Two-thirds of the demand for these retail goods and services was attributable to residents of and visitors to the primary and secondary trade areas, with the

remaining one third generated by day workers and students who lived outside the trade areas.

One study identified a significant market for "lifestyle" shopping (i.e., discretionary purchases of items other than food). A significant number of respondents expressed interest in having higher-quality retail establishments and national chain stores located in University City. A supply and demand study, completed to support planning for the Sansom Common/University Square retail complex at 36th and Sansom streets (described below), concluded that the local consumer market could support 70,000 to 90,000 square feet of food services, lifestyle retail, and miscellaneous retail at this location.

Market research associated with planning for the development of a supermarket and movie theater at 40th and Walnut (also summarized below) included the following information:

- The projected annual sales for a new supermarket at 40th and Walnut was \$15.5 million.
- Despite the increasing popularity of videos and DVDs, movie theater attendance across the country remained strong; the total U.S. box office grew at an average annual rate of 5.8 percent between 1993 and 1997.

Focus group research, conducted with both students and neighborhood residents as two distinct groups, found that:

- *Students* are more price-sensitive with respect to consumer goods and clothing and are therefore attracted to stores that offer basics (such as socks) through major national retailers (such as the Gap stores). Students are less price-sensitive about entertainment and eating/drinking expenditures and often travel outside the campus area to spend money on these activities and other shopping.
- *Neighborhood residents* strongly expressed the view that University City was significantly underserved with respect to many retail goods and services, indicating that most of their food shopping and dining expenditures took place outside the area. Many residents said that they would shop in the area if a wider variety of higher quality retail products and services was offered.

Based on these findings, the University planned for the development of retail facilities that would capture available consumer demand and address the interests of both the campus and neighborhood shopper constituencies.

Program

Major Retail Ventures. Penn’s engagement in retail development was guided by three principles:

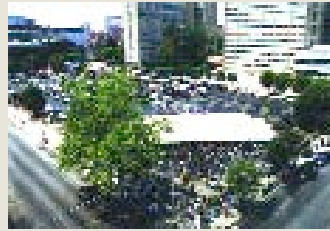
- Begin with a substantial commitment of University funding and staff resources to support initial development activity with investments in two retail “anchors” that attract private investment; then, in subsequent ventures, reduce the level of Penn participation as the climate for private investment improves;
- Make the scale of retail development and the allocation of retail square footage appropriate for the area in which a development site is located, in order to complement and reinforce, rather than overwhelm, the defining characteristics of an intersection or street; and
- Create new public spaces as part of retail development, in order to increase pedestrian activity and street life, improve overall safety, and create opportunities for intermingling of campus and community.

Three major development ventures begun in the late 1990s and completed in 2001-2002 adhered to these principles.

Sansom Common/University Square

36th and Walnut streets

300,000 square foot retail complex



James R. Mann

Before



Steven Mirnicola

After

Hilton Inn at Penn, Penn Bookstore (operated by Barnes & Noble), restaurants, shops and an outdoor plaza)

Level of Penn commitment:

Sole developer

Street characteristics:

“High rent district,” appropriate for branded retail

Prior use of site:

Surface parking lot

Public space:

Open plaza with table seating on 36th Street

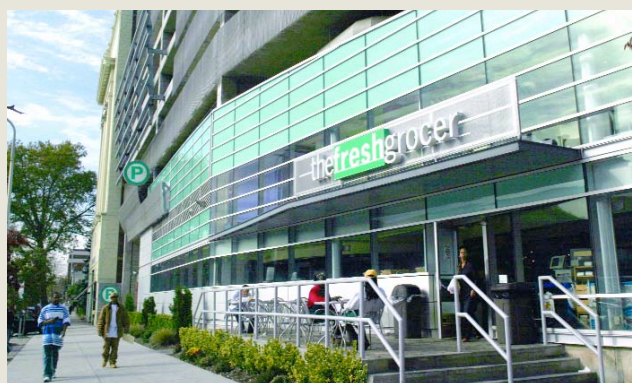
The Freshgrocer

40th and Walnut streets, northwest corner
High-quality supermarket with fresh and prepared specialty food items



James R. Mann

Before



After

Level of commitment:

Joint venture partner (with Freshgrocer)

Street characteristics:

Transitional retail zone where campus meets community

Prior use of site:

Surface parking lot

Public space:

Open plaza with table seating on Walnut Street;
dining mezzanine inside store

The Bridge: Cinema de Lux

40th and Walnut Street, southwest corner
Multiscreen movie theater and restaurant,
with outdoor plaza



James R. Mann

Before



Barry Halkin

After

Level of Penn commitment:

Joint venture partner (with National Amusements)

Street characteristics:

Transitional retail zone where campus meets community

Prior use of site:

Fast-food restaurant

Public space:

Elevated open plaza with table seating on Walnut Street

Development plans for Sansom Common and the Freshgrocer proceeded generally as anticipated by Penn. As important as the completion of the real estate ventures was the achievement of newly established University goals for economic inclusion: maximizing community and minority participation in the development and operation of these ventures, represented in terms of associated employment, contracting, and purchasing opportunities. As a result of Penn's emphasis on economic inclusion and related planning that preceded construction start, the Sansom Common workforce achieved a minority participation level of 45 percent.

A serious setback in development plans for the movie theater forced the University to reassess its participation in this venture before it could be completed. The theater had originally been structured as a joint venture with Sundance Cinemas to develop the 40th and Walnut property as a site for independent and experimental films, as well as an art gallery and cafe, a video library,

community meeting spaces, and a jazz club. Penn and Sundance executed a partnership agreement in 1998, and construction proceeded until 2000, when General Cinema, Sundance's parent company, filed for bankruptcy and terminated Sundance's role in the venture. As a result, Penn was faced with the choice of either abandoning the project or investing more University funds to see it through to completion. At the urging of Dr. Rodin, Penn's trustees decided to move ahead with this venture. Within two years, the University had a new partner, National Amusements, and a redesigned plan, in which the site would be developed as The Bridge, a high-quality multiplex offering a variety of mainstream films, as well as a restaurant. The Bridge opened in 2002.

All three of these ventures have succeeded in attracting both campus and neighborhood shoppers. The Barnes & Noble store and other retailers at the Sansom Common/University Square site draw a significant volume of customers from West Philadelphia and elsewhere. The Cinema de Lux is one of only two movie theaters in West Philadelphia (a smaller, older theater is located on the next block of Walnut Street), and moviegoers from the area and beyond find this venue's high quality and range of movie choices appealing. The Freshgrocer's inventory of grocery staples and reasonably priced fresh food, as well as the store's 24-hour availability (a feature particularly useful to students, hospital workers, and others on late-night schedules) have made this store a preferred shopping destination for campus and community residents, including many whose homes are blocks away from campus.

40th Street Corridor Strategy. As important as the completion of these major ventures was, the need to nurture smaller-scale, neighborhood-oriented retail businesses along the area's traditional commercial corridors remained. The development of The Bridge and the Freshgrocer established two anchors at 40th and Walnut streets that have successfully drawn community residents to the area. The more densely developed 40th Street retail area north of these anchors presented a different challenge. During the late 1990s, University and community representatives began discussing alternatives for preserving and improving this area as a retail shopping resource. The consensus of opinion was that commercial uses should include more small, independent retailers similar to those already on the corridor, as well as eating/drinking establishments, art galleries, and small clubs. The best revitalization approach for 40th Street would be one that reinforced and strengthened the area's international character and role as a meeting/gathering place.

University support of this effort, for which planning and some early implementation is currently under way, consisted of participating in a community engagement process to identify shared principles for development; marketing Penn-owned

storefronts to retail operators representing community-supported uses; considering developing upstairs space for rental apartments to increase residential occupancy on this corridor; and providing technical support to assist new businesses with property improvements and business financing. The assistance provided to the owners of Fatou and Fama, a new restaurant featuring Senegalese cuisine, is one example. With University support in drafting a business plan, the owners were able to obtain private financing for start-up expenses, and the restaurant opened in 2002 on Chestnut Street, just west of 40th. Fatou and Fama is patronized by many members of the campus community as well as by many residents of adjacent neighborhoods.

The emerging 40th Street strategy complements that being undertaken by University City District on Lancaster Avenue and Baltimore Avenue, two major commercial corridors that diagonally bisect University City's residential neighborhoods. To support UCD assistance to businesses and business associations, a full-time manager is assigned to each of these two corridors. The corridor manager serves as a resource to support planning, marketing, and area promotion activities sponsored by the local business community, as well as to provide direct assistance to individual businesses and facilitate access to government programs and municipal services.

Results

As a result of the University's engagement in retail development activities, more than 150,000 square feet of retail space was added to University City in five years, the largest commercial investment in West Philadelphia history. More than 25 new stores opened within a four-year period in newly developed and existing retail space. University City is now recognized as an attractive market for retailers, and 98 percent of Penn's retail inventory had been leased or committed as of early 2004.

- The Hilton Inn at Penn had an 89 percent occupancy as of late 2002, compared with an 84 percent average occupancy rate for comparable Philadelphia hotels.
- The Bridge's opening in November 2002 was greeted with many favorable reviews, and it currently entertains some 500,000 moviegoers a year.
- The Freshgrocer food market is patronized by 30,000 customers weekly.
- Smaller-scale retail occupancy on and near 40th Street in 2000-03 includes restaurants, art galleries, a student-run performance center, a used bookstore, a used CD and record store, and a yoga studio.
- Penn's investment of \$150 million in Sansom Common and 40th and Walnut streets attracted approximately \$370 million in private investment to West Philadelphia.

VIII. Economic Inclusion

Following a reorientation of institutional policies and practices, Penn began using its purchasing power more strategically to increase business opportunities for minority-owned and community-based businesses and to give West Philadelphia residents better access to University-related construction and permanent jobs.

Background

A comprehensive, well-executed policy on minority and community contracting, purchasing, and employment is a critical component of any significant institutional initiative to improve conditions in the urban environment. The loss of businesses and jobs is symptomatic of the economic disinvestment that caused the decline of many communities adjacent to institutional campuses. As businesses moved out or were forced to close as a result of competition from enterprises that were better positioned to succeed in the new economy, neighborhood unemployment and poverty grew, commercial corridors lost their vitality, and abandoned housing became a significant problem. An institutional program to address the effects of economic disinvestment in an urban neighborhood will not be regarded as credible without a clearly articulated, well-managed policy in support of minority and community contracting, purchasing, and hiring.

As described in Chapter I, the erosion of Philadelphia's manufacturing base and the resulting loss of businesses, jobs, and people hastened Philadelphia's decline as a regional economic center during the past half-century. As the manufacturing base in Philadelphia and other older cities continued to weaken, the contribution of information-, service-, and knowledge-based industries to the local and regional economy grew. In the "new" economy, a neighborhood-based academic or health-care institution has the potential to play a role similar to that of the neighborhood-based factory as a critical source of jobs, contracts, and purchases. Because academic and health-care institutions are likely to have invested extensively in their facilities, most of them are unlikely to leave their urban neighborhoods and can remain as potential community anchors for years to come. Because of their location and role as major employers and purchasers of goods and services, urban institutions need to make a strong commitment to economic inclusion.

Among the biggest challenges for an institution preparing to implement a policy of economic inclusion are managing

outreach, technical assistance to contractors and businesses, and job training for community residents. In a neighborhood that has experienced a period of protracted economic decline, a larger proportion of neighborhood contractors, suppliers, and job applicants are likely to require technical assistance or training than would be the case in other city neighborhoods or suburbs. This technical assistance and training cannot become institutionalized as a handout or set-aside for community members. To have integrity, the institution's approach must limit support to the level needed to enable targeted businesses and workers to compete for jobs or contracts, then allow them to do so without the need for additional support. Such an approach provides the best assurance of integrating local businesses and residents into the mainstream economy and positioning them for long-term success.

Goals

Penn's Economic Inclusion Program was designed to leverage the University's purchasing power and business relationships to facilitate enhanced business and job opportunities in the area and create a safer, more economically prosperous, and more attractive community by:

- Increasing spending with community-based and minority-owned businesses, with special focus on West Philadelphia;
- Stimulating major business relocation to and expansion within University City, building on Penn's purchasing relationships; and
- Increasing the employment of community and minority residents on University-sponsored construction and other projects.

To support of these goals, the University needed to: 1) Send consistent and credible messages to the community regarding the University's commitment to economic inclusion; 2) Embed Economic Inclusion Program concepts into Penn's culture; and 3) Work closely with community constituencies concerned about economic inclusion.

Approach

Although the University had promoted "Buy West Philadelphia" and "Hire West Philadelphia" campaigns for years, these programs fell short of making minority and local resident contracting and hiring an institutional priority that cut across Penn operating departments and was measurable.

Also, in previous years, a number of minority and community businesses, including construction subcontractors and suppliers of goods and services, had difficulty competing for larger contracting or vending opportunities due to high construction labor costs prevalent in Philadelphia, insufficient bonding coverage, a need for working capital, and other issues.

Recognizing these obstacles to economic inclusion, Penn 1) created a University-wide policy with broad applicability, 2) documented and monitored institutional performance in addressing economic inclusion issues, and 3) provided specialized assistance as needed to enable small contractors and businesses to compete effectively in the University City market.

Program

Structure. Penn engaged a diversity consultant, the Greater Philadelphia Urban Affairs Coalition (GPUAC), to aid in the development, implementation, and monitoring of an Economic Opportunity Plan (EOP), a more comprehensive, systematic approach to economic inclusion:

- *An Advisory Committee on Economic Inclusion* was formed in 1998, following successful experience with two project-specific advisory committees (described below). The Advisory Committee's mandate was to promote activities that would increase the level of minority and neighborhood businesses and worker participation in Penn-related business and employment opportunities. The Advisory Committee, co-chaired by the University's Vice President of Business Services and Director of Community Relations, included community leaders, clergy, elected officials, contractors, and representatives of University operating departments, including Facilities and Real Estate Services (responsible for real estate development and property management) and Purchasing Services (responsible for procurement of goods and services). In the second year, representatives from Penn's Health System joined the committee.
- *An Economic Opportunity Plan* was developed in 2000 to guide contracting and employment associated with Penn-sponsored construction projects. The plan, drafted by the University's General Counsel, Office of Affirmative Action, Facilities and Real Estate Services, and GPUAC, applies to any construction project with a cost exceeding \$5 million and specifies goals for the participation of minority and community firms and residents. These goals, expressed in terms of ranges, are made part of contractual documentation between Penn and the construction manager and general contractor for each project subject to

the policy. The Economic Opportunity Plan also encourages good-faith best efforts on the part of construction contractors to support minority and community contracting and employment and provides for withholding of progress payments if needed to address non-compliance. The Economic Inclusion Committee also monitors contractor performance.

- *A monitoring system* was established through GPUAC, which has extensive expertise in contract monitoring associated with government and private-sector programs and has partnered with the University of 18 years. The monitoring system set realistic goals that reflected marketplace and industry conditions, both in the awarding of contracts and the employment of community residents. In addition to assisting with goal-setting, GPUAC provided monitoring and reporting services, including regular job site visits, auditing of payroll records, and resolving problems through arbitration.

Supportive Actions and Technical Assistance. To help enable minority and community subcontractors and suppliers to compete successfully in the University City market, the University:

- Created a listing of local qualified building trades subcontractors and required contractors to solicit bids from the list.
- Helped to forge majority/minority partnerships, through which larger, established majority-owned firms subcontracted or joint ventured with smaller, minority or community firms, in some instances providing insurance coverage, access to working capital, and other support.
- Required some major suppliers of products Penn purchases on an ongoing basis (such as office supplies) to locate stores, branches, or warehouse/distribution facilities in University City and to seek to hire minority and community residents for associated employment opportunities.
- Supported pre-apprentice construction training programs, as well as training for retail and hospitality services job opportunities for community members.
- Provided support for prospective vendors through the University's Purchasing Services office, including hands-on technical assistance for business operators, promotion of individual enterprises within the University by Penn's senior management, and supportive services by academic centers such as the Wharton Small Business Development Center and the Wharton Entrepreneurial Program.

BRB II/III, Sansom Common, and Other Construction



Ventures. The expansion of the Biomedical Research facility operated by the University's School of Medicine (a development venture completed in two phases, known as BRB II and III) and Sansom Common, the 300,000 square foot retail and hotel development on Walnut Street, now known as University Square, are examples of the University's more ambitious approach to economic inclusion.

A project-specific advisory committee, which predated the permanent Advisory Committee on Economic Inclusion, was organized to oversee economic inclusion activities in connection with BRB II/III. This committee was chaired by a West Philadelphia pastor, the Rev. William Shaw, and included members of the University and community constituencies that were subsequently represented on the permanent Advisory Committee.

Through the Committee's interaction with University staff and the project development team, Penn achieved significant success in broadening the scope of economic inclusion associated with BRB II/III. A similar project-specific advisory committee was organized in connection with Sansom Common, and this group benefited from lessons

learned through the BRB II/III process.

The BRB II/III and Sansom Common accomplishments included:

- Contracts totaling more than \$43 million were awarded to minority- and women-owned businesses.
- More than \$2.5 million was earned by minorities and women working on the two ventures.
- More than 570 minorities, 45 women, and 265 West Philadelphia residents worked on these ventures.
- Of the laborers working on BRB II/III, 22 percent were women and minorities. Based on lessons learned through the BRB II/III process, this number was increased to 30 percent on Sansom Common.
- Close to half of the contracted procurement dollars to furnish and equip the Inn at Penn at Sansom Common were awarded to minority- and women-owned businesses.
- More than half of the permanent job opportunities that resulted from these projects were filled by local residents. For example, the hotel and bookstore at University Square employed a total of 136 West Philadelphia residents as of the beginning of 2004.

Recent Penn-sponsored construction at the Civic Center, Hamilton Square, Huntsman Hall, and Levine Hall together awarded minority- and women-owned businesses \$45.5 million in contracts, between 22 and 25 percent of the total contract awards for these ventures.

Procurement and Support for Local and Minority Suppliers.

The University's Purchasing Services Department (part of Penn's Division of Business Services) launched and managed a reinvigorated "Buy West Philadelphia" program. Penn Purchasing also conducted outreach and support activities to promote supplier diversity and minority-owned business development, which involved identifying, recruiting, and supporting local and minority-/women-owned businesses to meet the University's purchasing requirements, based on the principle of "obtaining the highest quality products and services at the least total cost, in a timely manner with the best possible service and support."

Purchasing Services focused its activities in eight census tracts around the University, and formulated precise definitions of "minority-owned business" and other classifications, which were published in the department's program materials. The department also identified four staff members to serve as purchasing specialists, for four categories of goods and services: computing commodities, athletic and



service commodities, research commodities, and facilities and office commodities. The purchasing specialists served as the first point of contact for interested businesses with no prior relationship as suppliers to Penn.

Following an initial interview with a purchasing specialist, a business can expect to receive information on University procurement process and requirements; access to customers within Penn's institutional structure; fair and equal treatment as a participant in the procurement process; and feedback regarding performance, changing business requirements, and other business issues.

More recently, Purchasing Services started a Supplier Mentoring Program to help current and prospective Penn suppliers develop the expertise and business skills needed to succeed in the University's purchasing environment. Because Penn is a large entity with a decentralized structure and a complex electronic purchasing system, suppliers that are not well acquainted with this environment are likely to encounter problems in addressing the University's standards and expectations. Working with the Wharton Small Business Development Center, Purchasing Services assists suppliers in learning about and pursuing opportunities associated with strategic planning; resource management; marketing; logistics and inventory management; and emerging purchasing technologies.

The University has also created majority/minority partnerships to assist smaller firms in establishing stronger

competitive positions in University City. The most successful of these partnerships have involved contracting for temporary services and for the purchase of lab supplies, office supplies, and office furniture.

Penn initiated an effort to increase the number of minority and community suppliers engaged in providing goods and services to the University. Penn has worked with other members of the West Philadelphia Institutional Consortium, a group of area academic and health care institutions, to develop strategies for higher-volume purchases from community suppliers.

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Challenges for the Future. To increase the scope and effectiveness of Penn's economic inclusion policy, the University plans to pursue the following actions during the coming years:

- Help contractors and suppliers establish business operations in West Philadelphia.
- Lower the \$5 million construction project threshold to encourage more minority and community contractor participation in smaller-scale construction activity.
- Broaden the program to include contracting and purchasing by other University-affiliated schools and centers.
- Make West Philadelphia more business-friendly by expanding transportation options and recruiting businesses for the heavily trafficked Market Street corridor.
- Increase University participation in workforce development programs, to stimulate employment and support the improvement of job skills.

Results

- Of the \$550 million in total construction projects funded since the inception of the Economic Opportunity Program, \$134 million in funding (24 percent of total) has been committed to minority- and women-owned businesses.
- A total of \$344.1 million in goods and services was purchased from West Philadelphia suppliers between 1997 and 2003.
- More than 3,000 current Penn employees are West Philadelphia residents, and more than half of the permanent job opportunities that became available through Penn's new retail ventures have been filled by local residents.

The following comparison of Penn purchases in Fiscal Year 1996 and Fiscal Year 2003 illustrates the effects of Penn's new approach to economic inclusion.

- In Fiscal 1996, Penn purchased \$20.1 million in goods and services from West Philadelphia suppliers, \$24.6 million from minority suppliers, and \$7.2 million specifically from African-American suppliers.
- In Fiscal 2003, purchases from West Philadelphia suppliers amounted to \$61.6 million, with purchases from minority suppliers and African-American suppliers totaling \$41.4 million and \$13.1 million, respectively.

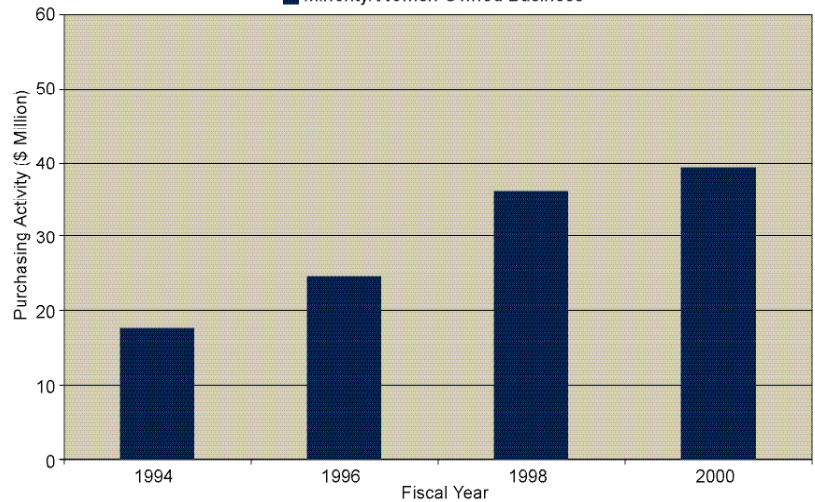


Third Eye Productions

Economic Inclusion – Construction Experience		
	Penn Alexander School	Sansom Common
MBE	\$3.9	\$14.0
WBE	\$2.1	\$5.6
Total	<u>\$6.0</u>	<u>\$19.6</u>
Project Value	\$13.4	\$44.0
M/W/WPBE (%)	44.8%	44.5%

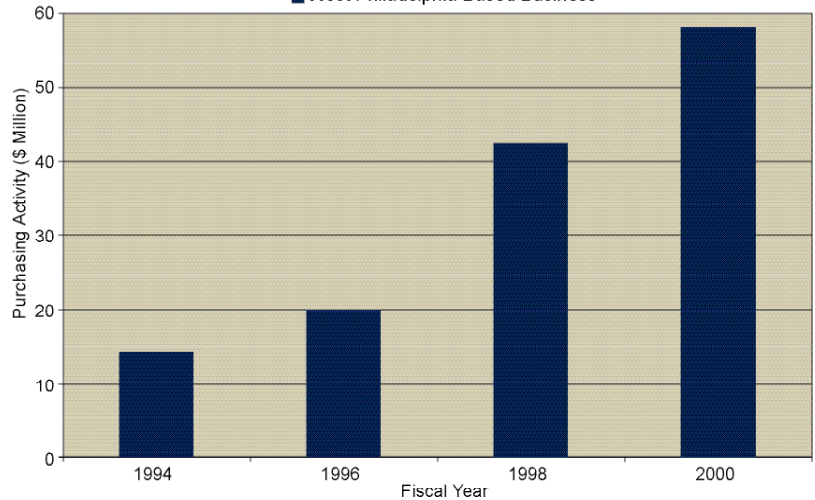
Supplier Diversity Program

■ Minority/Women Owned Business



Supplier Diversity Program

■ West Philadelphia Based Business



A University partnership with the Philadelphia School District and the Philadelphia Federation of Teachers led to the development of a new public school, accompanied by a commitment of University services to three other public schools and an expansion of Penn's Center for Community Partnerships' University-Assisted Community School program. These initiatives created a broader range of high quality school options for families and strengthened existing public schools in the diverse West Philadelphia community.

Background

The quality of public schools and the availability of school options have a critical impact on the economic stability and social well-being of urban neighborhoods. Working families at all income levels want to live in communities with good public schools. Neighborhoods with higher quality schools and a broader range of school choice have a powerful competitive advantage over other communities. In neighborhoods with lower quality schools and fewer education options, more families will consider moving elsewhere.



Nancy Matlack

First grade students at Penn Alexander School

An urban university can substantially influence the quality of public education in nearby off-campus neighborhoods. The core mission of academic institutions is education, and the university population includes a significant number of faculty and students with expertise and interest in providing enriched educational opportunities for school-age children. University engagement in public schools can supplement an academic curriculum by providing university students with real-world

experience while generating tangible benefits for public school students. Committing a University's knowledge resources can produce more than short-term value for public schools; it can also strengthen policies and programming over a longer term and broaden understanding of options for improving the public education system.

Goals

The state of the public schools in University City became a focal point of dialogue between community and Penn representatives during the mid-1990s. As described above (see "Planning"), several community revitalization plans, particularly the PFSNI report (1993) and the Spruce Hill Community Renewal Plan (1995), called for the creation of a new school to serve University City as well as help relieve overcrowding in surrounding schools.

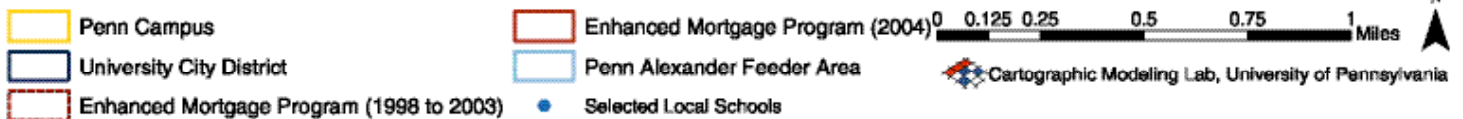
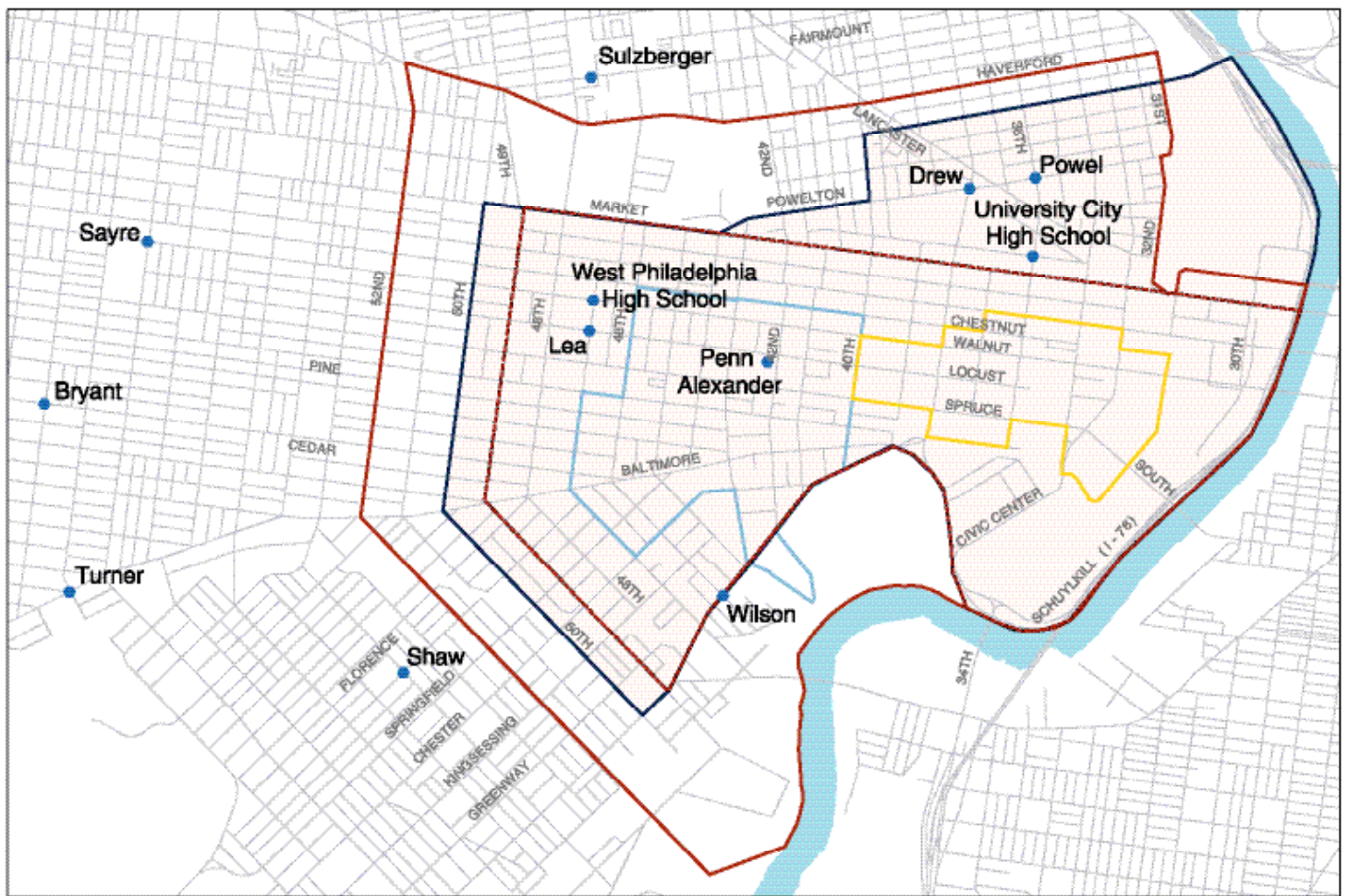
Building on a long and successful tradition of working with West Philadelphia's public schools, the University entered into an agreement with the School District of Philadelphia and the Philadelphia Federation of Teachers to create a new University-assisted public school for up to 700 neighborhood children, from the pre-kindergarten to the 8th grade. The primary goals of this collaborative endeavor were to:

- Create an instructional program of superior quality for children from the racially and economically diverse neighborhood of University City in West Philadelphia;
- Establish a professional development center to provide ongoing support for teachers and teachers-in-training throughout West Philadelphia and the city at large;
- Develop the school as a center for community activities involving parents, residents, businesses, neighborhood groups, and educational organizations, guided by a shared vision and sense of responsibility for the new school.

Approach

The collaboration of the University, the School District and the teachers union was formalized through a memorandum of understanding, executed in 1998. The memorandum included the following commitments:

The University of Pennsylvania agreed to make available at nominal cost a development site for the construction of a new school facility; to fund a subsidy of \$1,000 per student (up to \$700,000 a year for 10 years) in annual operating



Locations of Penn Education Activities

support for the school, for the purpose of reducing class size and supporting the school’s ambitious educational mission; and to provide academic support for the school, primarily through Penn’s Graduate School of Education (GSE). The GSE support would include faculty assistance to teachers and support for programs in the new school, student participation as student-teachers and mentors, teacher access to Penn’s practice laboratories, professional development opportunities for in-service teachers, and ongoing linkages between the school, GSE, and other University schools.

The School District of Philadelphia agreed to provide the capital funding for the construction of the school; to work with the University on the design and construction of the school; to establish a curriculum that would meet or exceed School District standards; and to work with the University on the selection of a principal and faculty.

The Philadelphia Federation of Teachers agreed to make the new school a Demonstration School that would “maximize

student achievement [and] provide a rigorous clinical setting for the professional growth and development of pre-service and in-service teachers,” and to support the selection of teachers based on classroom demonstrations and written and oral examinations, rather than on the basis of seniority.

For the School District, which was advocating for additional operating funding from the state at the time this initiative was proposed, the agreement demonstrated that the District was taking advantage of all available opportunities to leverage local resources and work collaboratively to improve the quality of public education. For the Philadelphia Federation of Teachers, the agreement linked the teachers union with a progressive education initiative without risk of diminishing the union’s standing in future collective bargaining negotiations.

The execution of the memorandum also formalized an agreement that had been reached regarding two key issues.

1. *Whether to develop a new public school or instead focus on*

improving existing public schools. The decision to develop a new school was based on the goal of relieving overcrowded classrooms and creating a new neighborhood-based center as the site for a variety of programs and services. A separate multi-year commitment of support was made to a nearby elementary school, the Henry Lea School.

2. *Whether to enroll students through a citywide lottery, or limit enrollment to children living in a designated catchment area.* In order to establish the strongest possible link between school and community and to create a “neighborhood school” identity, the catchment area approach was selected. The School District determined the boundary area for the school, with the goal of achieving a diverse student body based on the demographics of the neighborhood.

Following the execution of the Memorandum of Understanding, Penn brought together community residents, University faculty and staff, public school teachers and administrators, architects, social service providers, and a private school principal and teacher to begin planning for the new school. Participants in the planning process were organized into committees which produced a vision and principles associated with each of three key issues.

Planning Committee Recommendations, 1998-99

Education Committee. Design guiding principles for a rigorous liberal arts school curriculum, using the relationship between school and community as an organizing focus; position the school to become a professional development resource for teachers and administrators; strengthen school-community linkages through parent participation in educational programs, after-hours use of school facilities for community programs, and other activities.

Community Programming Committee. Recommend school-based programs to improve neighborhood vitality and quality of life (examples: childcare, after-school programs, adult education classes, and health services). Propose community enrichment activities to be offered at the school (examples: workshops on homeownership, personal finance, and community gardening).

Site and Facilities Committee. Develop a building and site program to support the education program, by including sufficient, flexible classroom space; separate the school into age-based learning community and activity areas while providing for appropriate interaction among different student age groups; incorporate easily accessible community spaces; and provide generous natural light, accessible green and hardscape play space and other natural resources to the site.

The intensive planning and organizing from 1998 through 2001 enabled the construction of the school to begin in March 2000 on the site of the former Philadelphia Divinity School, a few blocks west of the Penn campus.

Program

The school was named in honor of Sadie Tanner Mossell Alexander, a Penn alumna (BS 1918, MA 1919, PhD 1921, LLB 1927) who in 1927 became the first African-American woman to receive a law degree at Penn and practice law in Pennsylvania. Ms. Alexander was widely recognized as an advocate for civil rights in Philadelphia and across the nation. Officially named the Sadie Tanner Mossell Alexander University of Pennsylvania Partnership School, the school is commonly known as the Penn Alexander School.

The school opened in the fall of 2001 with kindergarten and first grade in existing space on the site. When the new facility was completed in the fall of 2002, the school added Head Start and grades 2, 5, and 6, with successive grades added to achieve full enrollment from pre-kindergarten to 8th grade by 2004.



James R. Mann

The new \$19 million, 83,000 square-foot school building includes 28 classrooms grouped around a three-story atrium, as well as a gymnasium/auditorium, a cafeteria, specialized art, music, and science facilities, and an instructional media center that combines a library, computer facility, and broadcast studio. The landscaped school grounds provide students with a play field, rain garden, and an outdoor science classroom.

Based on the provisions of the Memorandum of Understanding, Penn’s Graduate School of Education plays a leading role in the design of curriculum, management of professional development programs, and evaluation of best practices at the Penn Alexander School.

Commitments to Other West Philadelphia Schools

Penn's engagement with West Philadelphia public schools extends well beyond the Penn Alexander School, through the services of both GSE and Penn's Center for Community Partnerships.

In July 2002, the University embarked on a three-year partnership with the Henry Lea School, William Bryant School, and Alexander Wilson School, three elementary schools in its West Philadelphia community, with the goal of dramatically improving student achievement. To address the seemingly intractable problem of improving student outcomes in its lowest performing schools, Philadelphia's School Reform Commission asked the University to be one of seven outside organizations (collectively referred to as educational management organizations or "EMOs") that would manage a total of 45 elementary and middle schools with the weakest performance on the Pennsylvania System of Student Assessment (PSSA). Unlike the other EMOs, which sought to manage all aspects of the schools, Penn assumed a targeted partnership focusing on five inter-related domains: Curriculum, Professional Development, Leadership, Student Assessment and School Climate. The partnership aims to build the schools' capacity to improve on their own, with technical assistance and professional development services provided by Penn.

The Center for Community Partnerships has worked in schools throughout West Philadelphia since the mid-1980s. The Center seeks to create, in collaboration with community and school leaders, University-assisted community schools that serve the educational, recreational, health and service needs of children, youth, their families and the wider community. The integrated, thematically-based curriculum engages college and pre-college students in real world community problem-solving on issues such as health and nutrition, the environment, and the arts. The Center has helped to develop more than 150 academically-based, community service courses taught by faculty from diverse disciplines within 11 of Penn's 12 schools that support the school-based efforts. The Center also places over 170 federal work-study students in its school- and other community-partner sites.

The GSE dean and the Center's director also headed resource boards for more than 25 West Philadelphia schools that sought to identify and provide a broad range of curriculum, professional development and support services for the schools and their students and families. The boards included a broad range of business, institutional and civic leaders.

Penn Education Initiatives

Penn Alexander School

- GSE associate dean provides ongoing assistance with all aspects of school development.
- Faculty members guide the selection of best curricula, co-teach classes, mentor individual teachers, develop special curriculum projects with teachers and students, and conduct training workshops.
- Penn academic departments, health sciences schools, museum, bookstore, Annenberg Center, and community service organizations offer special programs for students.
- Penn students from across the university provide tutoring assistance in math, reading, and English language learning.
- Student teachers from GSE and the School of Social Work are assigned to the school.

Lea Elementary School

- Completed three-year intensive intervention to strengthen curriculum in literacy, math, and science.
- Developed model for aligning curriculum with statewide standards and tests.
- Supported opening of new school library.

Lea, Wilson, and Bryant Schools (Penn Partnership Schools)

- Provide intensive technical assistance and advising to school administration and teachers to improve student achievement in literacy, math, and science.
- Developed a professional development model focusing on all staff.
- Administer regular student assessments and monitor performance benchmarks.
- With additional grant support, created a focused professional development program in math and technology, through a "bridging" approach that includes teachers from both the Penn Alexander School and the Partnership Schools.
- Conduct parent workshops and support development of strong Home and School Association.

Penn Education Initiatives continued

Penn Alexander; Turner, Sulzberger, and Shaw Middle Schools; University City High, West Philadelphia High

- Developed evening and weekend community schools that offer a wide range of academic, cultural, and recreational classes to youth and adults in West Philadelphia at no charge.

Lea, Wilson, Powell, Sayre, Drew Schools

- Place more than 100 students annually in the America Reads/America Counts federal work study program to help improve literacy and math skills. Penn faculty and Center for Community Partnerships staff orient and train students for the program.

Drew Elementary; Turner, Shaw, Sulzberger, and Sayre Middle Schools; University City High, West Philadelphia High

- Developed integrated, thematically based, problem-solving K-16 curriculum. Multifaceted programs that support these efforts include the Center's Urban Nutrition Initiative, Community Arts Partnerships, Access Science, Urban Environmental Health, Literacy, Digital Divide, and the Sayre Health Promotion Disease Prevention program. These programs engage Penn faculty and students from the schools of Arts and Sciences, Medicine, Nursing, Dental Medicine, Design, Graduate Education, Social Work, Engineering and Applied Sciences, Law, Annenberg, and Wharton.
- Provided a range of professional development workshops for teachers on problem-solving curriculum; offered for-credit classes co-taught by GSE faculty, public school teachers and center for Community Partnerships staff.

Results

Since the opening of the Penn Alexander School in 2001, the school has already become well-established as a community learning center and neighborhood resource.

- The student body reflects the rich diversity of the surrounding community: 57 percent African-American, 19 percent Caucasian, 18 percent Asian, and 6 percent Latino. International students represent 25 percent of the student body, and students from Penn-affiliated families (staff, faculty, students) represent 23 percent of the enrollment.
- Class size is substantially lower than citywide average, with a maximum of 17 students in kindergarten and 23 students in grades 1 through 8, supported by Penn's operating subsidy.
- School architects Atkin, Olshin, Lawson-Bell and Associates received a Design Excellence award from the Philadelphia chapter of the American Institute of Architecture for the school's design.
- The school received the 2004 Schuylkill Action Network (SAN) Source Water Protection Award for its underground water retention system.
- At least 70 percent of primary grade students demonstrate proficiency in reading and math on standardized tests.
- The School District recognized one of the Head Start (pre-kindergarten) teachers from the school as Outstanding Early Educator of the Year for 2003-04.



Nancy Mattack



- Teachers from the school have presented papers at major professional meetings, including National Council of Teachers of Mathematics, International Reading Association, National Association for the Education of Young Children, and the National Writing Project.
- At the Carver Science Fair (the largest public-private science fair competition in the country) in 2002-03 and 2003-04, sixth and seventh graders from the school have taken four first place awards, one second place, and numerous honorable mentions.
- The music program includes individual instruction on string, wind, brass, and percussion instruments, as well as a year-long concert series featuring jazz and classical musicians from Penn. More than 25 percent of the students studied musical instruments at school in 2003.
- Nine second-grade students have had their poetry published in the Young American Poetry Digest.
- Every semester, 10 Penn pre-professional students from the Graduate School of Education and two School of Social Work interns are placed at the school for practicum experiences.
- The ratio of teacher applicants to teaching positions at the school is approximately 25:1.
- The school has an active community school two evenings a week featuring educational, recreational, and cultural programming for adults and children from the neighborhood.

Penn's impact on other West Philadelphia public schools has also been substantial.

- Selected by the National Academy of Sciences from nearly 300 applications, Penn's University-Assisted Community School program won the inaugural 2003 William T. Grant Foundation Youth Development Prize.
- Penn ranked No. 1 in Service-Learning in US News and World Report's 2003 edition of America's Best Colleges.
- Drew Elementary (K-8) was the most improved school in reading statewide in 2000.
- University City High School students working with the Center for Community Partnership's Urban Nutrition Initiative have the highest attendance rate at 87 percent (75 percent school-wide, 55 percent district-wide). These students are scoring at proficient levels, and all but two members of the 2003 senior class cohort went on to post-secondary education.
- The Center's Urban Nutrition Initiative (UNI) was cited as one of the four most promising school-based health and nutrition programs nationally in "Healthy Schools for Healthy Kids," a major report published by the Robert Wood Johnson Foundation in 2003. In Foundation research on hundreds of programs studied in connection with this publication, UNI was one of four programs identified as the most promising models.
- The Center's Community Arts Partnerships program has reintroduced the arts into local schools that had previously lacked instruction in music and fine arts.



X. The University and its Surroundings, 2004 A New Appreciation of Urban Institutions

Dialogue on urban issues during the closing years of the last century and the first years of this one reflects an increasing awareness of the value of urban institutions to the economic health and well-being of the cities and metropolitan regions where they are located.

Evidence of a new appreciation of the value of urban institutions can be found in recently published work that reflects two themes.

Institutions as Economic Anchors. Urban academic and health care institutions are being more widely recognized as having significant value as anchors for investment and development. This value can be viewed in several ways.

- *Institutions help define the urban environment and shape the identities of the cities where they are located.* According to the Initiative for a Competitive Inner City (ICIC), more than half of the nation's colleges and universities are located in cities. Many of these institutions are promoted effectively as key urban and regional attractions and play an important role in influencing perceptions about the character and identity of their cities
- *Urban institutions have a greater stake in the future of the city and its neighborhoods* because most of these institutions (unlike most private businesses) do not have the ability to relocate elsewhere.
- *Major institutions are among the largest employers in their cities and regions.* Penn, for example, is Philadelphia's largest private employer, with a total regular workforce of 12,777 as of Fall 2002. The University of Pennsylvania Health System, of which the Hospital of the University of Pennsylvania is a part, employs an additional 10,656 people. Major institutions are also among the largest owners of real estate and largest purchasers of goods and services within the cities where they are located.

These and other characteristics of urban institutions make them potentially valuable anchors for urban revitalization strategies that involve "building from strength" by stabilizing and improving areas adjacent to existing centers of investment and employment.

This view is represented in *Leveraging Colleges and Universities for Urban Economic Revitalization: An Action Agenda*, a Spring 2002 publication by the Initiative for a Competitive Inner City which states that,

Unleashing the local economic development capacity of these institutions should be a national priority....In instances where universities, local governments, and communities have developed an integrated approach to economic development, the results have generated substantial impact.

According to the authors, such an approach should focus on six areas of activity: 1) purchasing of goods and services; 2) employment; 3) workforce development; 4) real estate development; 5) the creation of business incubators; and 6) the delivery of technical assistance to and building networks with local businesses. All of these activities have been part of the overall structure of Penn's West Philadelphia Initiatives during the past decade.

Institutions as Resources for "Knowledge-Based" Urban Economic Development. The release of 2000 census data was followed by numerous published reports evaluating the current status and future prospects of American cities. These reports consistently emphasized the value of an educated population as a key element of economic well-being for cities and metropolitan regions. Academic and health care institutions are magnets for attracting and keeping educated residents. Among the students, faculty, staff, interns, and suppliers of goods and services associated with such institutions are many individuals with high school diplomas, undergraduate or graduate degrees, and/or specialized advanced training.



Jim Abbott

Well-educated professionals are important to the economy of a city and region because many of them earn more and have more discretionary income than other demographic groups. As higher income wage earners, well-educated people have a broader range of choice in determining where they will live, shop, play, and educate their children. For a professional person arriving from out of town to accept a job at an institution, its surrounding area is one of the first places likely to be considered as a place of residence. If the institution's surroundings are competitive with other options in the city and suburbs, more people with higher-than-median incomes will move in and remain.

Although undergraduates and graduate students are not high wage earners, many of them will achieve that status during the years following graduation. Like other professionals, new graduates will have some flexibility regarding the choice of a place to live and work after they receive their degrees. To the extent that they regard their academic institution's neighborhood and the city as an interesting, engaging place for young people, they will be more likely to consider job opportunities and housing options within the area, in preference to other cities. College students pursuing their degrees also help to give the city an identity as a vibrant, diverse, energetic place. They attend or participate in sports events, patronize coffee shops, restaurants, and clubs, and help populate adjacent neighborhoods. They are part of the "creative class," celebrated in urban studies literature of recent years, that contributes in important ways to the diversity and wealth of successful cities.

This perspective is supported by a 2003 report, *The Changing Dynamics of Urban America* by Robert Weissbourd and Christopher Berry, prepared for CEOs for Cities. Weissbourd and Berry identified the "Knowledge Economy" as one of five "key dimensions of change in America's cities," stating that "educational levels were the single biggest driver of economic growth" in cities. For example, the authors found that, in general terms, for each two-percent increase in a city's proportion of college graduates, city income growth increased by about one percent between 1990 and 2000.

Weissbourd and Berry also report that "between 1990 and 2000 the information sector's share of total earnings increased by 4.4 percent (while goods and services declined by 3.9 percent) and that digital economy factors (such as computer use and online population) correlate highly with a city's overall economic performance." Based on this and other information, the authors emphasize that

the role of knowledge factors as a basis for value creation has increased dramatically across the economy. This is reflected in the findings about the significance of information and knowledge embedded in people (e.g., education) and technology (e.g., digital economy indicators) across all sectors (e.g., both growth of information sectors and increase in information functions, services and occupations in all sectors).

Accomplishments

In 2003, an evaluation of the West Philadelphia Initiatives was conducted in order to assess what had been accomplished after several years of implementation activities. Highlights of this evaluation include the following, categorized in terms of the five broad goals of the Initiatives described in the "Planning" chapter.



1. Improve neighborhood services and capacity

- Crime reports requiring a response from Penn's Division of Public Safety decreased by 40 percent overall from 1996-2002. Robberies dropped by 56 percent during this period; assaults declined by 28 percent; burglaries dropped by 31 percent, and auto thefts by 76 percent.
- Respondents to a resident survey reported that University City is "cleaner" or "much cleaner" (95 percent of respondents), "safe" (71 percent), and that the atmosphere of the area is "better" or "much better" (95 percent).

2. Provide high quality, diverse housing choices

- Average home sale prices in University City increased from \$78,500 in 1995 to \$175,000 in 2003.
- The volume of home sales more than doubled, from 73 in 1995 to 194 in 2003, with a significant number of homes placed under agreement of sale within 10 days of listing.
- Taking advantage of University-sponsored homebuying incentives, 386 Penn-affiliated households bought homes in University City between 1998 and early 2004. Of these purchases, 75 percent involved mortgages of less than \$150,000, with an average mortgage amount of \$120,489.
- Twenty vacant houses were rehabilitated and sold to Penn-affiliated households.
- Through the Penn-sponsored Neighborhood Housing Preservation and Development Fund, a University investment of \$5 million leveraged more than \$51 million in equity and debt to support the acquisition, improvement and operation of more than 200 rental apartments, maintained as moderate cost housing.
- Owner-occupied housing units increased by six percent from 1990 through 2000 (following a 12 percent decline from 1980-1990).
- More graduate student tenants moved into West Philadelphia (graduate student residency increased from 23.8 percent in 1998 to 28.6 percent in 2001).
- Influenced by the Penn initiatives, a private developer invested more than \$55 million to convert a long-vacant industrial building east of the Penn campus into 282 market-rate rental units.

3. Revive commercial activity

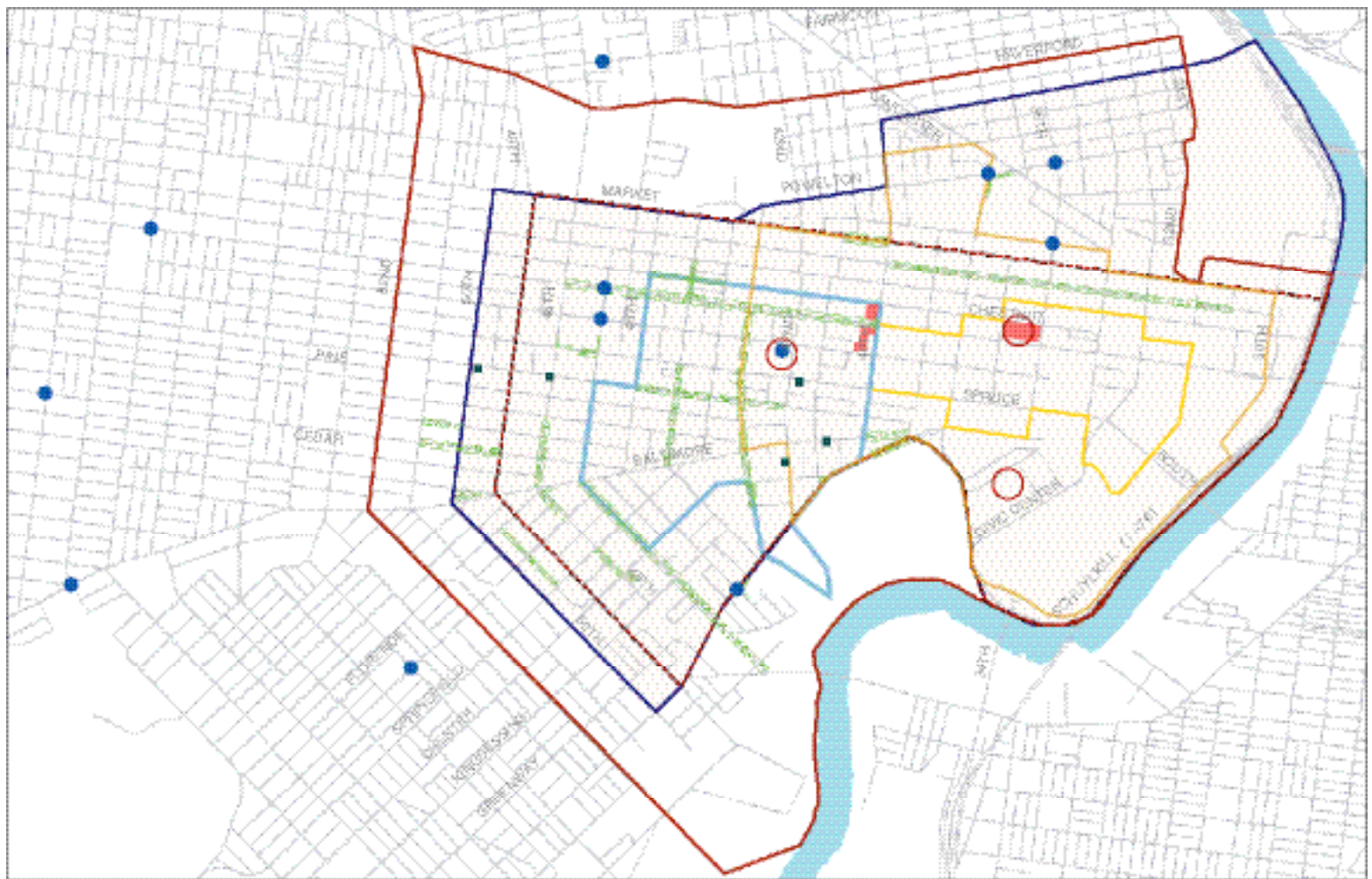
- Through the development of Sansom Common, now known as University Square, and Hamilton Square, the University created 150,000 square feet of new retail space.
- In this space and existing available retail space, more than 25 businesses opened in less than four years.
- Penn-controlled retail square footage is 98 percent leased or committed.
- Foot traffic along the 40th Street retail corridor increased by 86 percent between 1995 and 2002.

4. Accelerate economic development

- More than \$134 million in University-related construction contracts were awarded to minority-owned/women-owned businesses.
- The Sansom Common venture generated 170 construction-period jobs and 200 permanent jobs for West Philadelphia residents.
- The "Buy West Philadelphia" program resulted in \$344.1 million in University purchases from West Philadelphia vendors between 1997 and 2003.
- In Fiscal 2003, University purchases from West Philadelphia vendors totaled \$61.6 million, with \$41.4 million in purchases from minority suppliers and \$13.1 million from African-American businesses.

5. Enhance local school options

- The Penn Alexander School opened in 2001, with kindergarten and first grade classes. The planned expansion of the school was completed on schedule, with full enrollment, from pre-kindergarten to 8th grade, achieved by 2004.
- The Graduate School of Education began a school-wide reform of an existing public school, Lea Elementary, including a three-year intensive intervention to strengthen curricula in literacy, math, and science.
- The Graduate School of Education provides additional state-funded contractual services to Lea Elementary, as well as to two other public schools, Wilson and Bryant.
- Penn's Center for Community Partnerships helped to develop more than 150 academically based, community-service courses taught by Penn faculty from diverse disciplines working in schools throughout West Philadelphia.



Accomplishments of the West Philadelphia Initiatives as of June 2, 2004

Numbering corresponds to numbered goals on page 52.



Cartographic Modeling Lab, University of Pennsylvania

- Penn Campus
- ① University City District
- Penn Public Safety Patrol Boundary
- UC Green Projects
- ② Enhanced Mortgage Program (1998 to 2003)
- Enhanced Mortgage Program (2004)
- Rental Fund Properties
- ③ Sponsored Retail Development
- ④ Major Economic Inclusion Sites
- ⑤ Penn Alexander School Feeder Area
- Other Public Schools Receiving Penn Support



Penn received many awards for accomplishments associated with the West Philadelphia Initiatives. In 2003, the University of Pennsylvania West Philadelphia Initiatives was one of 10 winners of the Urban Land Institute (ULI) Awards for Excellence, the nation's most prestigious award for responsible leadership in land use to enhance the total environment. ULI described Penn's West Philadelphia Initiatives as "a multi-faceted development plan" that "has reduced crime, increased job opportunities, improved the quality of life for the neighborhood's residents, and enhanced the university's ability to attract the top students, faculty, staff and research opportunities."

Other Commitments to University City

In light of the improved climate for investment in University City resulting from the West Philadelphia Initiatives, the Penn administration began to focus on leveraging non-University resources to support further upgrading of this neighborhood. This increased emphasis on attracting outside resources to the area has produced significant results, including the following:

- In 2002, Citizens Bank launched a \$28 million, five-year University City Neighborhood Improvement Program. The bank's initiative, funded by Citizens in coordination with Penn, included a commitment of \$5 million for mortgage loans, \$1.5 million for home improvement loans, \$10 million for business loans, \$10 million for interim loans to nonprofit and private housing developers, a \$1.5 million acquisition loan pool for nonprofit developers of affordable housing and

neighborhood facilities; and a \$250,000 fund to provide grants for proposals from University-based nonprofit organizations. As indicated in "Policy and Organization," Citizens exceeded 300 percent of the bank's overall performance goal within the first 18 months of this five-year program.

- The William Penn Foundation, a Philadelphia-based charitable foundation, named West Philadelphia one of a small number of neighborhoods selected for a targeted grant-making approach to promote more coordinated, strategic investments and policies. Funding has been made available to a number of nonprofit organizations in Penn's University City community, as well as to citywide organizations working in this neighborhood.
- West Philadelphia is one of three Philadelphia communities targeted by The Reinvestment Fund (TRF) for investment and other support as part of TRF's Neighborhood Investment Strategy work with the William Penn Foundation. TRF is a financial intermediary that builds wealth and opportunity for low-wealth communities and low- and moderate-income individuals through the promotion of socially and environmentally responsible development. With resources from William Penn that include grant support and a \$5 million program-related investment, TRF identifies areas of opportunity, then works with partners in these locations to move key market-changing projects forward.

TRF's rationale for selecting West Philadelphia states:

This area is in rapid transition as the University of Pennsylvania has stepped-up its neighborhood presence and the Penn-supported school continues to attract Penn faculty, graduate students and staff to University City as homeowners and renters. As a result of recent price appreciation, many investment opportunities near the core University City area are being undertaken by private developers. A key part of our strategy for West Philadelphia is to act more proactively to move several critical projects forward that have not yet been undertaken by the market, and to complement these opportunities with preservation activities that improve block appearance and support existing homeowners.

- The City of Philadelphia's Neighborhood Transformation Initiative (NTI), a new policy launched in 2001 by Mayor John F. Street, provides substantial new resources for neighborhood reinvestment in neighborhoods across the city. A substantial portion of University City has been designated for special

consideration as an NTI planning area, and the City has already made significant commitments of NTI funding resources to support West Philadelphia neighborhood revitalization activities. One recent example is the allocation of NTI funding to acquire vacant properties on Sansom Street, an isolated area of high housing abandonment in an otherwise stable portion of the Spruce Hill neighborhood, to be rehabilitated and sold under a mixed-income housing plan developed by Partnership Community Development Corporation.

improvement and a more diverse mix of retailers. The relatively low rate of home ownership and the limited supply of quality mixed-income housing in the area are both issues of concern. These and other challenges are significant; the revitalization of University City and West Philadelphia is far from complete. However, the accomplishments achieved to date through the West Philadelphia Initiatives have produced significant, tangible benefits and have created a base for additional improvement activities, to be implemented by community-supported investors, developers, and service providers.

Conclusion

Although the published reports described at the beginning of this section provide evidence that the value of institutions to the economy of cities is now being recognized more fully than previously, just being a city-based academic or health care institution does not guarantee success, in terms of either stimulating neighborhood revitalization or promoting growth in the “knowledge-based” sector of the urban economy. Penn’s experience shows that a reorientation of institutional structure, mission, goals, and strategies was essential to the University’s effectiveness as both a driving force in the Greater Philadelphia region and as a contributor to the economic stability and social well-being of the West Philadelphia community. An institutional commitment simply to remain in the city is not enough; repositioning the institution for a fundamentally different role in the neighborhood, city, and regional economy is essential.

Penn’s experience is a case study, not a prescription. For other institutions in other locations, different choices about goals, leadership/administration structure, strategies, and resource allocations will be more appropriate than those made by Penn. In some cities, the level and type of participation by government, private, and nonprofit entities may differ substantially, based on the scope of the initiatives and the availability of resources and implementation capability. The approach pursued by Penn with successful results is not necessarily best for every urban institution. What is critical in every case is to replace inaction with initiative. The global economy and the urban environment have changed fundamentally during past decades, creating new challenges and opportunities for urban institutions. For every urban institution, success depends on a willingness to address these challenges and find creative ways to pursue the opportunities of a new century.



Mark Garvin

Future Challenges

In planning for the future, Penn continues to focus on ways to attract additional resources to West Philadelphia to replace or supplement University investment. At the same time, the University plans to sustain its support for a variety of improvement activities associated with the five major goals of the Initiatives.

Significant neighborhood challenges remain to be addressed more fully during the coming years. Revitalization needs continue to exist in an “outer ring” of blight and instability located just outside the West Philadelphia Initiatives target area. The ongoing struggle to improve local public schools and the need to improve local high school options remain. The level of unemployment and poverty in some portions of University City and adjacent areas needs to be addressed. The neighborhood commercial corridors still need physical

Acknowledgements

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