The Future of First Generation Suburbs in the Delaware Valley Region

Delaware Valley Regional Planning Commission

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Created in 1965, the Delaware Valley Regional Planning Commission (DVRPC) is an interstate, intercounty and intercity agency which provides continuing, comprehensive and coordinated planning for the orderly growth and development of the Delaware Valley region. The region includes Bucks, Chester, Delaware, and Montgomery counties as well as the City of Philadelphia in Pennsylvania and Burlington, Camden, Gloucester, and Mercer counties in New Jersey. The Commission is an advisory agency which divides its planning and service functions between the Office of the Executive Director, the Office of Public Affairs, and three line Divisions: Transportation Planning, Regional Planning, and Administration. DVRPC's mission for the 1990s is to emphasize technical assistance and services and to conduct high priority studies for member state and local governments, while determining and meeting the needs of the private sector.

The DVRPC logo is adapted from the official seal of the Commission and is designed as a stylized image of the Delaware Valley. The outer ring symbolizes the region as a whole while the diagonal bar signifies the Delaware River flowing through it. The two adjoining crescents represent the Commonwealth of Pennsylvania and the State of New Jersey. The logo combines these elements to depict the areas served by DVRPC.

DELAWARE VALLEY REGIONAL PLANNING COMMISSION

Publication Abstract

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Geographic Area Covered: Nine-county Delaware Valley region including the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania; and Burlington, Camden, Gloucester and Mercer in New Jersey.

Key Words: decentralization, history of development, inner ring suburbs, municipalities, school districts, directed infrastructure investment; tax base sharing; urban growth boundary; local economic development.

ABSTRACT

Many older boroughs and townships that developed rapidly following World War II face challenges to their fiscal and socioeconomic stability. These "first generation suburbs" are experiencing population and job loss, increased social needs and limited tax base to finance services. Focusing on this group of communities, this report will (1) review the history of suburban development and decentralization in the Delaware Valley region, (2) measure fiscal and socioeconomic conditions in the region, and (3) develop recommendations to overcome these problems through tax reform, regional planning and local initiatives.

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EXECUTIVE SUMMARY

The term *first generation suburbs* generally refers to the earliest group of townships and boroughs to develop outside of a region's urban core. In the Delaware Valley region, this category includes older boroughs scattered across the region which took root as early agricultural and industrial settlements and the suburban bedroom communities that developed rapidly in the decades following World War II. This latter group is largely clustered around Philadelphia and Camden, extending along the region's major roads and highways and along the banks of the Delaware River. Many first generation suburbs are currently experiencing fiscal and socioeconomic challenges that until recently were perceived as exclusively urban problems. This report examines the state of the Delaware Valley region's first generation suburbs and explores policy and planning strategies to address the challenges that they face.

Debates surrounding metropolitan decentralization traditionally focus on the effects of disinvestment in cities, suburban sprawl and the loss of open space and agricultural lands. Recently, however, new attention has been paid to emerging patterns of decline in older suburban communities. As first generation suburbs lose middle class households, jobs and tax base, local demand for social services increases and local ability to finance municipal services and schools comes under stress. Meanwhile, rapidly growing areas in the next ring of development attract population and business development with larger homes on larger lots, negligible social problems and comparatively low tax rates. Together, these processes perpetuate decentralization and produce regional fiscal and socioeconomic disparities between disadvantaged central cities, aging first generation suburbs and more affluent "outer ring" communities.

Part One of this analysis presents the fiscal, social and economic challenges facing first generation suburbs. The history of the region's first generation suburbs is outlined in Chapter One, including illustrative case studies on housing, retailing, schools and transportation. Chapter Two profiles socioeconomic, fiscal and transportation conditions in the Delaware Valley region, using a series of maps to identify regional disparities and trends. The third chapter explores alternative methods of defining first generation suburbs and distressed communities as a group.

Part Two focuses on remedies using a three part framework. *Tax reform options* for tax base sharing, school finance equalization and wage tax reform are explored in Chapter Four. Chapter Five describes how *regional planning policies,* including those outlined in DVRPC's DIRECTION 2020 Plan, can mitigate the effects of decentralization and disinvestment. Finally, Chapter Six highlights a series of *local reinvestment initiatives* already underway in the Delaware Valley region. The strategies and policy recommendations that are described in Part Two are not mutually exclusive.

Many of these remedies complement each other and could be advanced concurrently to address regional fiscal disparities and decentralized land use patterns. This report closes with a discussion of regional coalition building that is a necessary element in virtually all of these strategies.

Organization of this Report

This report is organized into two parts. Part One focuses on the problems of first generation suburbs. It consists of this introduction followed by chapters that profile socioeconomic and fiscal conditions in first generation suburbs and explore different ways to identify indices of municipal distress. Part Two focuses on solutions. Grounded in the belief that there is no one correct approach to addressing the complex array of social, economic and fiscal problems that are confronting many first generation suburbs, Part Two explores three different types of approaches -- regional tax base sharing, regional planning strategies, and local initiatives -- with a separate chapter on each.

Part One
The Problems of First Generation Suburbs

CHAPTER ONE
THE EVOLUTION OF THE REGION'S FIRST GENERATION SUBURBS

First Generation Suburbs – A Definition

In a region with as much history as the Delaware Valley, the phrase "first generation suburbs" can take on many meanings. For the purposes of this report, the phrase first generation suburbs refers to two groups of municipalities:

- Older industrial boroughs such as Pottstown, Pennsylvania and Bordentown, New Jersey, and
- Townships and boroughs that developed rapidly in the years immediately following World War II, such as Cherry Hill, New Jersey and Bensalem, Pennsylvania.

Both groups of communities developed over time. The former are scattered around the region, reflecting early settlements and the attraction of changing transportation technology (canals, railroads and roads), while the latter group are largely clustered around Philadelphia and Camden, along the banks of the Delaware River and along the region's major roads and highways. A map of the region and its municipalities is included as Appendix A.1.

The concept of "first generation suburbs" used in this report is intended to distinguish this broader categorization of communities from the more frequently used term "inner ring" suburbs. While creating a strong visual image, the latter phrase is too geographically specific and is intended to apply only to those suburban communities bordering a major city that, for a variety of reasons, are experiencing the physical and socioeconomic changes more commonly associated with older, urban areas. The corollary of either definition is that, following their initial growth period, these communities subsequently entered into a period of stagnant growth with population and employment decline. The characteristics of these communities, and the contrasting differences from their more prosperous neighbors, is the subject of this report.

Because of the lack of a uniform definition, and to avoid any mischaracterization of a community based on only a few indicators, a single map of the region's first generation suburbs does not appear in this report. Rather, a variety of socioeconomic and fiscal indicators are presented together with three composite surveys to provide a portrait of the candidate communities that could be included in the overall definition.

This chapter describes the initial growth and eventual transformation of the region's first generation suburbs, examining the many factors that have led to the changing fortunes of these communities. While each municipality has its own unique history, many of these communities have traveled similar paths, evolving from favored bedroom communities in the fifties and sixties to declining townships and boroughs in the eighties and nineties.

Why Study First Generation Suburbs?

Through examination of overall trends and specific case studies, the experiences of first generation suburbs offer the opportunity to assess the reasons for and consequences of the shifting fortunes of these municipalities, in terms of demographic, development and tax base changes, and, in some cases, community character and vitality. The lessons learned from this assessment can provide support for revitalization strategies by local and county officials seeking ways and means to stabilize and revitalize such communities. At the same time, these lessons can show municipal officials that they must be continuously vigilant in response to potentially negative trends that can transform a seemingly stable community into one facing the prospect of decline. Strategies, plans and projects to counter potential problems before they become severe, can avoid more drastic solutions later on. Examples of the application of some of these approaches in the region are included at the end of the report.

Suburban Development Since 1950

Buoyed by an influx of workers during World War II to meet wartime production needs, the City of Philadelphia's population peaked in 1950 at just over two million persons. Industrial centers such as Trenton, Camden and Chester also grew during this period as well paying jobs in war-related industries such as shipbuilding drew tens of thousands of workers, including many African-Americans migrating north from southern states, into the Delaware Valley.[1] This infusion of population, jobs and income gave the region's core cities a much-needed boost and helped them move beyond the lingering effects of the Great Depression.

The story of U.S. metropolitan development since World War II, however, is one of suburban growth. Economist and regional scholar Anthony Downs studied population trends in 49 metropolitan areas with central cities that lost population from 1980 to 1990. Although this group of cities, which can be thought of as a proxy for the nation's big cities as a whole, grew modestly during the 1950s, they lost population in each of the subsequent decades. Meanwhile, their surrounding suburbs gained population at a much higher rate in all decades, with the greatest increase in both absolute and percentage terms taking place in the 1950s.[2]

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[1]Frederic M. Miller, Morris J. Vogel and Allen F. Davis, *Philadelphia Stories: A Photographic History, 1920-1960* (Philadelphia, 1988), 114.

[2]Anthony Downs, "The Challenge of Our Declining Big Cities," *Housing Policy Debate*, Vol 8 Issue 2, (1997), 369-371.

Within the Delaware Valley, the balance between city and suburban population tipped in favor of the suburbs at some point during the 1950s. As of the 1960 Census, for the first time ever, more of the region's residents lived in the suburbs than in the City of Philadelphia. Areas immediately surrounding Philadelphia, including eastern Delaware and Montgomery counties, lower Bucks County, southern Mercer County (including the townships surrounding Trenton), and portions of Burlington, Camden and Gloucester counties near the Delaware River in New Jersey, gained population and jobs during this period. While much of this growth was a result of *in-migration* from other parts of the country (and, to some extent, from abroad), it also reflects significant *out-migration* from the region's core cities to the surrounding suburbs.

A number of factors account for the rapid growth of the suburbs in the 1950s and 1960s, some of which are still in force today.

- ***A general preference for low density living.*** Public opinion polls show that, given a choice, most people want to live in detached single family homes on large lots. For large numbers of households, this is the American Dream and living it requires relocating from the city to the suburbs. Rising real income levels in the post-WWII era brought lower density suburban living within the reach of many families. As Downs calculated, between 1950 and 1973, median family income rose by about 2.9 percent per year in inflation-adjusted (or real) dollars. This compares to an average 0.3 percent increase each year in the 1970-1993 period.[3] Higher income levels helped finance the general shift of families and individuals to the suburbs.

- ***Transportation factor #1: expanded vehicle availability.*** America became a much more mobile society in the second half of the twentieth century, a trend which encouraged suburban growth. Simply put, more people owned more cars and there were more roads on which to drive them. Nationwide, the rate of car ownership almost doubled between 1950 and 1980, rising from 32.2 to 63.2 motor vehicles registered per 100 residents.[4] While the numbers within the region were somewhat lower due to the higher density settlement patterns in Philadelphia, Camden, Trenton and other urbanized areas, they climbed steadily over time from 23.8 in 1960 to 43.7 in 1980 and 53.4 vehicles per 100 residents in 1990[5]. One of the major consequences of expanded auto availability has been the opening of vast new suburban residential markets with people's ability to travel greater distances to work, shopping and just about every other type of destination.

- ***Transportation factor #2: major new roads and highways.*** Federal and state governments invested in major new road construction in the years following World War II, building the physical infrastructure that opened up new housing, job and commercial markets throughout the

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[3]Downs, 371.

[4]Downs, using Motor Vehicle Manufacturers Association and Census data, 371.

[5]1960 numbers from: *Penn Jersey Transportation Study*, Vol. 1 (April, 1965), pages 29 and 80. 1980 and 1990 numbers from: DVRPC, *Year 2020 Municipal Forecasts of Occupied Housing Units. Vehicle Availability and Employed Residents*, DIRECTION 2020 Report 15 (June 1994), 27.

metropolitan region. The "Highway Act of 1944" was the first key piece of federal legislation, authorizing $1.5 billion of highway and bridge construction over three years. The overriding goal of this effort was to integrate the country's metropolitan areas into a cohesive national network. "The Highway Act of 1956" was a continuation and further expansion of federal road building policies that established a national system of interstate and defense highways to be completed within thirteen years. According to a 1976 report prepared by DVRPC, federal and state highway policy dramatically influenced development patterns in this region:

> Between 1950 and 1973, more than 160 miles of federally-funded highways were opened for use. Included were six limited access expressways and several bridges spanning the Delaware River. This system was further enhanced by numerous county and state highways which linked into the new highways. The consequences in terms of hastening massive dispersion of population and business from the central city and the transformation of the countryside is to a large extent the central point of this [analysis].[6]

- ***Mortgage lending policies favoring new development over the existing housing stock.*** The "Housing Act of 1949" created the Federal Housing Administration and the Veterans Administration home mortgage insurance programs. These programs were, in effect, an expression of thanks to World War II veterans by bringing homeownership within the reach of many. However, lending rules favoring new (suburban) development over the existing (urban) housing stock strongly influenced growth patterns within the region. A DVRPC history of the region reports that "literally hundreds of thousands of new dwellings were built and financed in suburban locations under this program, making possible the abandonment of housing in the older cities. ...[H]ad areas inside the older cities whose housing was in good condition been covered as generously as new housing outside them, the entire history of housing in the region for the past 25 years [i.e., 1950-1975] might have been different."[7] As it was, however, federal mortgage guarantee programs created additional incentives for suburban development.

- ***Racially discriminatory mortgage lending practices.*** In *A Prayer for the City*, Buzz Bissinger reported on racially discriminatory lending practices and their impact on Philadelphia neighborhoods. Housing surveys used by lenders and mortgage insurers dating back to the 1930s routinely considered issues of race and ethnicity. Bissinger found that "the more 'Negro' there was, the more 'Infiltration of,' and the more 'Foreign Born' there was, the less chance someone living in a particular neighborhood would get a mortgage."

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[6] Joseph Oberman and Stephen Kozakowski, *History of Development in the Delaware Valley Region,* DVRPC Year 2000 Report No. 1 (1976), 93-4.

[7] Oberman and Kozakowski, 95.

Large portions of South Philadelphia, North Philadelphia, Kensington, and West Philadelphia received the least desirable "Fourth Grade" designation and were therefore "awash in red on the survey map." (The term redlining reportedly came out of the government's color scheme on the survey map.) Ineligible for government backed home loans, these neighborhoods inevitably deteriorated over time.[8] Declining neighborhoods gave urban dwellers more reason to move and the availability of financing encouraged suburban over city homeownership.

- ***White flight and changing urban schools.*** Across the country as African-Americans and other minorities grew more concentrated in large urban centers, large numbers of white households relocated to the suburbs. Racial unrest and urban riots in the 1960s only served to accelerate this trend. But even absent extraordinary events, many families were motivated by the changing racial composition of local schools. Downs' study of white flight in major U.S. metropolitan areas showed that when many white households found their children attending schools with more than 25 to 33 percent minority students -- especially more than 50 percent -- they decided to move to suburbs where schools remained almost entirely populated by white students.[9]

The region's first generation suburbs grew for other reasons as well, including fear of big city crime, unfavorable city-suburban tax differentials,[10] and the pull of job growth in the suburbs. While, generally speaking, the region's population suburbanized before its job base, the shift in jobs ultimately induced more people to leave the city. Mark Alan Hughes and Janice Madden explain that in the Philadelphia metropolitan region, "Large population shifts to the suburbs preceded large employment shifts, suggesting that jobs followed people from the central city into the suburban counties. The subsequent movement of employment to the suburbs decreased the need for suburban residents to commute to Philadelphia for work. As a result, the number of city commuters among the residents of the suburban counties decreased, and the number of local workers in the suburban counties increased."[11]

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[8]Buzz Bissinger, *A Prayer for the City* (New York, 1997), 204-207.

[9]Downs, 378.

[10]In addition to property tax differentials, the Philadelphia Wage Tax has had a major impact on population shifts within the region. The Wage Tax, which was enacted in 1940 as a temporary 1.5% levy, peaked in 1995 at 4.96% for city residents and 4.16% for commuters. Although the Rendell administration has made modest tax cuts in each year since 1995, the Wage Tax differential continues to provide a disincentive to living and working in Philadelphia.

[11]Mark Alan Hughes and Janice F. Madden, "Shifts among the Counties in Jobs and Resident Workers," in *Economic Development within the Philadelphia Metropolitan Area* (Philadelphia, 1987), 34.

Decentralization in the Delaware Valley Region[12]

Maps 1.1, 1.2, and 1.3 illustrate the extent of development within three different decades: 1930, 1970 and 1990. To no one's surprise, these maps show that the limits of development have expanded steadily and substantially over time. What is less obvious from these maps is the relationship between development and population growth. Between 1930 and 1970, the region's population grew by about two-thirds, expanding from three million to over five million people. The increase in total developed area makes sense in the context of a growing population within the region.

Since 1970, however, population growth has stagnated while development continues to spread out from the region's core. Between 1970 and 1990, total population in the nine counties increased marginally from 5.12 to 5.18 million people, or slightly over one percent in twenty years. While population has stayed virtually fixed, total developed land area jumped by 174,000 acres, an increase of thirty percent in the region's developed land in the 1970 to 1990 period. *This is the equivalent of adding one acre of new development an hour -- every hour -- for twenty continuous years.* New residential acreage alone accounted for 146 square miles of development during this period, consuming an area greater than the size of the City of Philadelphia.[13]

Slow population growth has continued throughout the 1990s, with estimated regional population at about 5.2 million as of 1996. Census Bureau estimates at the municipal and county levels show significant growth differentials within the region. According to the Census Bureau, the City of Philadelphia lost 6.8 percent of its population in the 1990-96 period while the region outside of Philadelphia grew by 3.9 percent. Areas delineated as *growth centers* in DVRPC's DIRECTION 2020 Plan grew even faster, expanding by 9.1 percent over the six-year period. Growth centers are defined as emerging centers forecast for growth that will see an increasing concentration of people, employment and services.

The extensive decentralization and sprawl that have characterized growth and development patterns in the Delaware Valley region in the post-war era have unmistakable consequences for the region's rural communities, core cities and first generation suburbs.

Impacts on Rural Communities

The region has witnessed a significant loss of farmland and open space as new development has pushed further into the suburban and rural fringe of the region. Although more than 23,500 acres of agricultural land have been permanently preserved by recent intervention, the region experienced a 9.2 percent loss in acres of agricultural land between 1987 and 1992. Parks and recreational open

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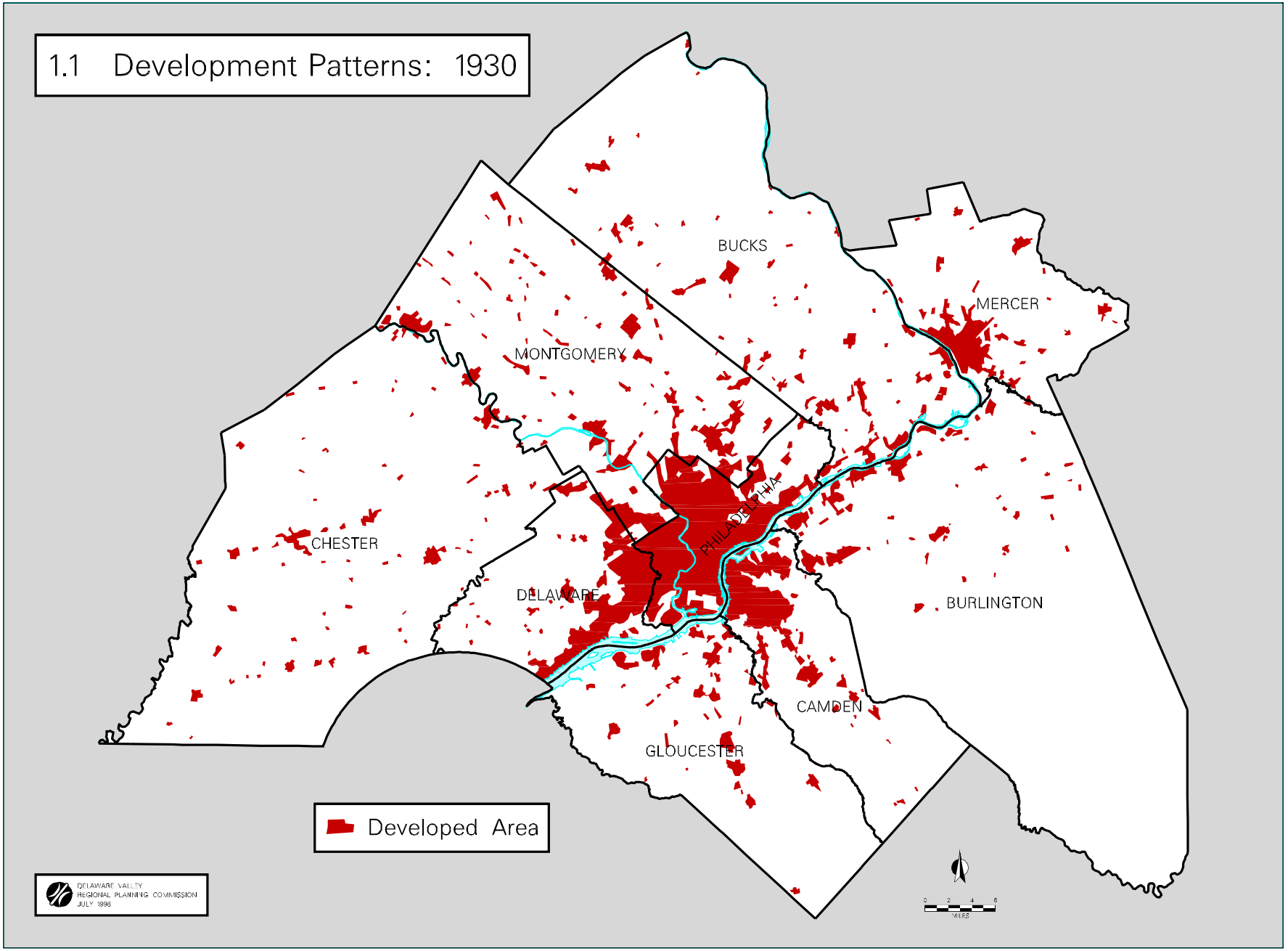
[12]The most comprehensive treatments of regional development patterns may be found in Oberman and Kozakowski and in William Cutler and Howard Gillette (eds.), *The Divided Metropolis: Social and Spatial Dimensions of Philadelphia, 1800-1975* (Westport, CT, 1980).

[13]DVRPC, *Guiding Regional Growth*, (1995), 8-10.


1.1 Development Patterns: 1930
BUCKS
MERCER
MONTGOMERY
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER
Developed Area
DELAWARE VALLEY
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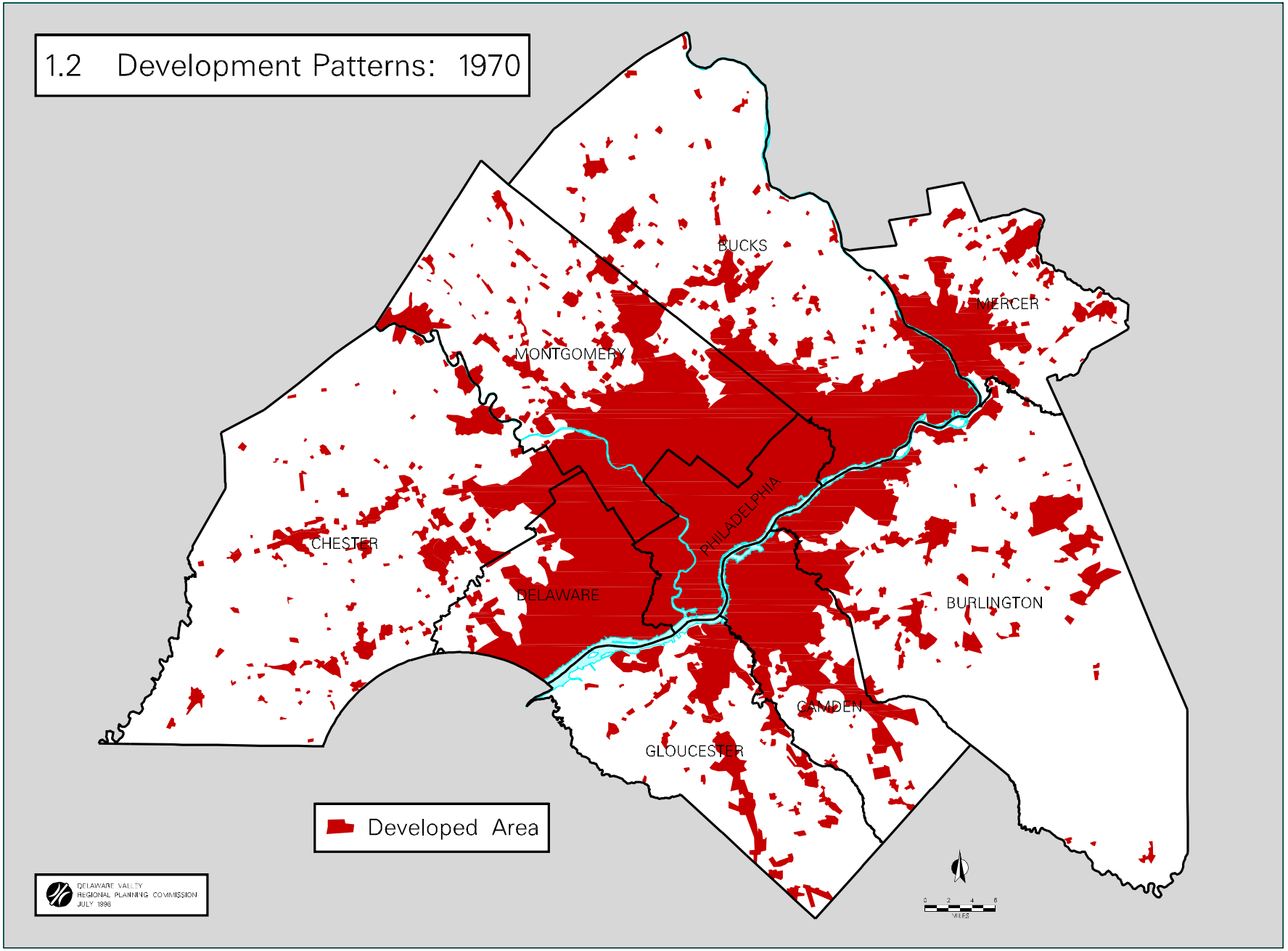
1.2 Development Patterns: 1970
BUCKS
MERCER
MONTGOMERY
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER
Developed Area
DELAWARE VALLEY
REGIONAL PLANNING COMMISSION
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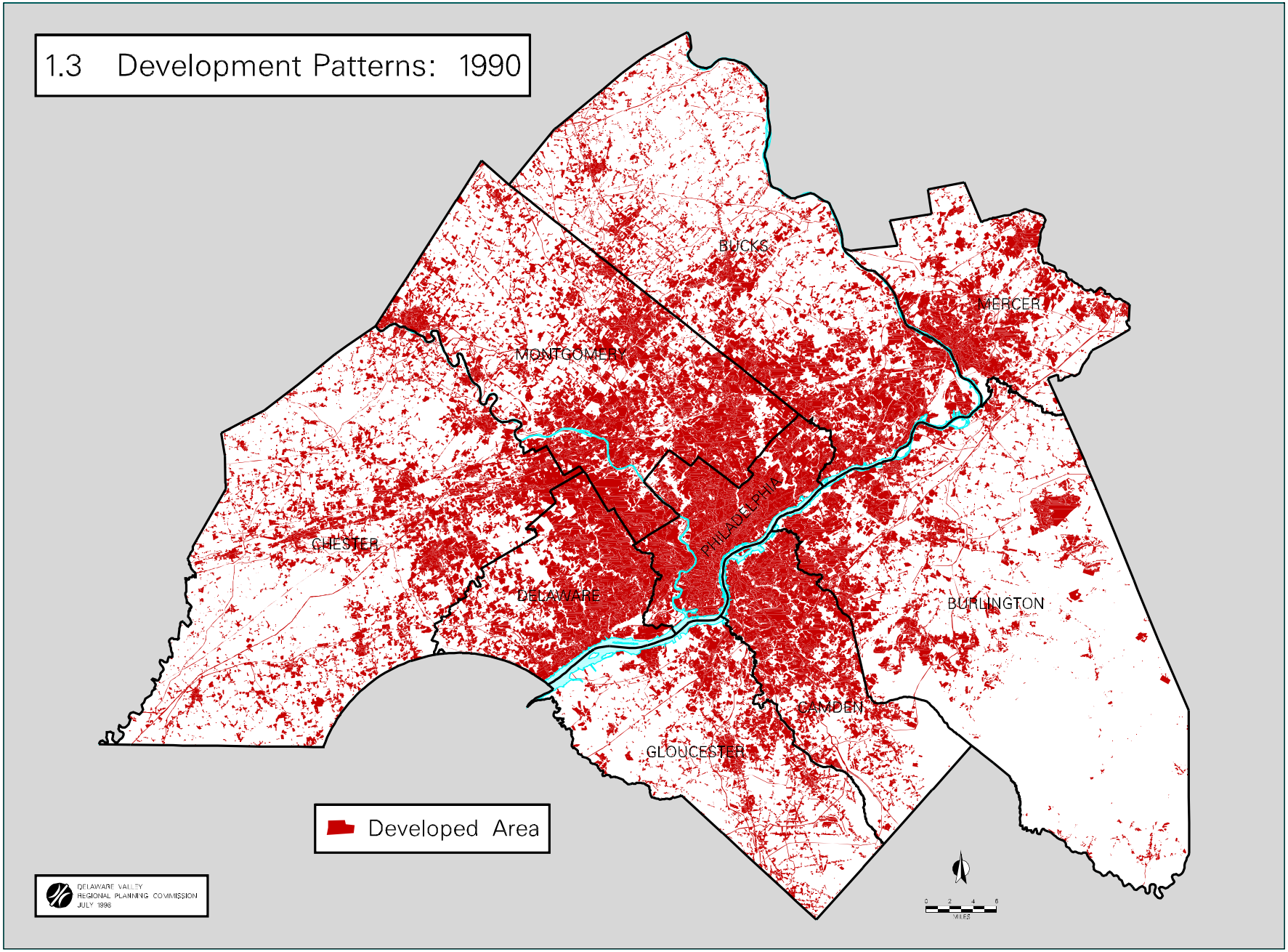
1.3 Development Patterns: 1990
BUCKS
MERCER
MONTGOMERY
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BURLINGTON
CAMDEN
GLOUCESTER
Developed Area
DELAWARE VALLEY
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space are also under pressure. DVRPC forecasts that the region will experience an 80,125 acre deficit by the year 2020 based upon population standards (which capture short term needs) and a more than 202,000 acre deficit based on land use standards (which capture long-range needs).[14]

As part of the Land Use Element of the DIRECTION 2020 Plan, DVRPC developed a model to calculate land consumption associated with residential and non-residential growth and change. The model considers a number of factors including population and employment forecasts, expected changes in household size, vacancy rates, existing density and development patterns and likely density changes over time. DVRPC used this model to assess the impact on land use if current population and employment trends continue to the 2020 horizon. The resulting trend forecast for this development scenario estimated that 274,000 acres of additional land would be developed by 2020, most of which is now farms or woodlands. This represents over 11 percent of the total area of the region or almost 17 percent of the remaining undeveloped land.[15] Clearly if current trends continue unabated, much of the region's rural and agricultural lands will come under development pressure in the next twenty years.

In addition to the direct costs of lost acres of farmland and open space, many rural communities are forced to invest in costly new infrastructure to support residential and commercial growth. Examples of infrastructure investment include additional roads and highways, new sewer and water lines, new or expanded schools and libraries, and the need to adapt other systems to accommodate rapid population growth, (e.g., outgrowing the local dump and replacing it with a more complex and costlier solid waste disposal practice). In addition to greater capital expenses and the associated debt service burden, many kinds of public sector operating costs rise as well. Examples of costs that are sensitive to development trends include police and fire, public health and social services, parks and recreation and emergency services. Some of these functions are purely local (e.g., police and fire) while others involve county, state and even federal dollars (e.g., roads and highways). In the latter case, the infrastructure costs are spread over a larger population.

The impact of development on rural and agricultural areas is well studied by others[16] and is not the primary focus of this report.

Impacts on Core Cities

The phenomenon of nearly continuous population and job losses from the region's core cities is well documented. Philadelphia has lost about one-quarter of its population since 1950. The major job

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[14]These and other regional indicators are summarized in DVRPC's *Regional Indicators: Measuring Our Progress to 2020*, (April 1998).

[15]*Guiding Regional Growth*, 14-17.

[16]The National Lands Trust, New Jersey Conservation Foundation and Pennsylvania Environmental Council are three groups that focus on rural development issues.

losses started later as the City lost about one-quarter million jobs between 1970 and 1996. Employment in the surrounding counties grew by 750,000 in the same period. The City lost 80 percent of its manufacturing job base during this transformation as well.[17]

Early analysts of the impact of post-war sprawl on the nation's cities include Harvard Professor Raymond Vernon who, in 1959, predicted, "More and more of the old cities will show population declines. More and more they will be the repositories of those who are prepared to live in obsolescent housing -- the lower income groups and the older citizens of the country."[18] While Vernon predicted the popularity of upper-income, urban residential areas such as Philadelphia's Rittenhouse Square and Boston's Back Bay, he described these enclaves as "limited to a minuscule portion of the old cities." He believed the norm outside of these central business districts would be characterized by "worn-out housing and outmoded factories which promise to be more and more neglected and underused in the decades ahead."[19]

Vernon's predictions hint at but do not fully describe the concentrations of poverty that plague many big city neighborhoods today. Poverty and the set of social problems that typically accompany it obviously "tax" big cities and their residents -- in both a literal and figurative sense of the word. However, these problems are magnified many times in neighborhoods with extreme concentrations of poverty. For example, although growing up in a neighborhood with higher than average unemployment can be problematic, growing up in a neighborhood where virtually no adult male works a steady job qualifies as catastrophic.

Myron Orfield prepared an analysis of poor and extremely poor neighborhoods in Philadelphia using 1980 and 1990 census data.[20] Orfield defines "poverty" neighborhoods as those census tracts with between 20 and 40 percent of their residents living below the federal poverty line, and "extreme poverty" neighborhoods as census tracts with more than 40 percent of their population below the federal poverty line. Orfield identified 116 poverty and 29 extreme poverty tracts in Philadelphia in 1980. By 1990, these numbers had increased to 149 and 37, respectively, *accounting for about 41 percent of the city's total census tracts*. The total number of households living in poverty tracts increased from 205,405 in 1980 to 238,123 in 1990, about a 16 percent increase. The increase is even more dramatic given that, according to the Census Bureau, the City's population fell from 1.688 to 1.585 million between 1980 and 1990.

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[17]Bissinger, 27.

[18]As reported in Bissinger, 208.

[19]Bissinger, 209.

[20]Myron Orfield, *Philadelphia Metropolitics*, (March 1997), 3.

As with the issue of development impacts on rural and agricultural areas, the future of the nation's big cities is not the primary focus of this report.[21]

Impacts on First Generation Suburbs

The relative level of prosperity of most first generation suburbs has shifted over time. For the most part, these communities gained population and jobs in the period between 1945 and 1970. This is not a surprising conclusion given that, by definition, first generation suburbs include townships that developed rapidly in the years immediately following World War II. However, in the years after 1970, many of these same communities have come under stress. Downs describes the downward cycle and explains how it is inextricably linked to problems faced by communities in the next ring of development:

> Many older inner-ring suburbs find themselves experiencing the same self-aggravating downward spiral as the central city itself. The schools in these suburbs become loaded with children from very poor homes, local crime rates rise, many middle-income households and viable businesses withdraw to farther out suburbs, and the local governments concerned become fiscally strapped. Farther out, many low commercial-tax base suburbs with growing populations also become fiscally strapped, but for a different reason. Many young households with children are moving into these communities, partly in flight from the core area. Educating their children imposes high tax costs on these suburbs, but the suburbs have very few commercial or industrial properties to which to shift those tax burdens. Consequently, their residential tax rates soar and local citizens resist further improvements in school quality or other public services.[22]

The causes and effects of conditions in struggling first generation suburbs are not easily categorized. Nearly every major aspect influencing quality of life in the region's townships and boroughs -- from transportation to schools to municipal tax burdens -- is affected by the changing metropolitan dynamic. At their core, these issues of municipal well being raise fundamental questions of equity. Bruce Katz, Director of the Center on Urban and Metropolitan Policy and Senior Fellow in the Economics Studies program at the Brookings Institution, describes some of the equity implications:

> These larger patterns of metropolitan growth are fiscally, socially, and environmentally damaging and unsustainable. The benefits of the new economic prosperity are not shared equitably. Rapidly developing new suburbs -- built since the 1970s on the outer fringes of metropolitan areas -- are capturing the lion's share of employment and population growth. These jurisdictions enjoy a nirvana of low taxes and high services as they limit the development of affordable housing and exclude families with moderate means

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[21]See Buzz Bissinger's award winning 1997 book, *A Prayer for the City,* for a recent and highly readable account of the challenges facing Philadelphia and other big cities.

[22]Downs, 387.

(particularly racial and ethnic minorities) from living in their neighborhoods or attending their schools. Caught on an unlevel playing field, cities and older suburbs find it difficult to compete with these new suburbs for businesses and middle-class residents. As companies and families move out, the tax bases of cities and older suburbs shrink, leaving these places without the financial wherewithal to grapple with concentrated minority poverty, joblessness, family fragmentation, and failing schools.[23]

In short, many first generation suburbs are now showing symptoms of what is considered urban distress -- namely, population and job loss, stagnant or declining local tax base, and increased demand for municipal services -- trends that have been afflicting the region's core cities for decades. The problems and prospects for the region's first generation suburbs is the subject of this report.

Case Studies of Change

It would be a mistake, however, to discuss first generation suburbs solely in abstract or general terms. New institutions were created in these suburbs that reshaped where we live, how we shop, what kinds of schools our children attend and how we commute to work. This chapter concludes with four case studies on housing, retailing, schools and transportation using examples from specific places in the Delaware Valley region. These case studies illustrate how metropolitan development patterns have dramatically affected key aspects of life in the suburbs in the second half of the twentieth century. Beyond that, they clarify complex issues about decentralization and fiscal disparities by telling easily understandable stories about how and why the region is changing. The first case study describes the evolution of what is perhaps the region's best known residential development of the 1950s, Levittown, Pennsylvania.

Housing: The Levittown Model[24]

The need for housing in lower Bucks County became clear when U.S. Steel President Benjamin Fairless announced in 1950 that his company would build a new steel mill near Morrisville, bringing 6,000 new jobs to the area. By 1951, U.S. Steel subsidiary Danherst Corporation had planned 1,500 homes in Fairless Hill by the steel mill. Several months later William J. Levitt announced his project to develop a pre-planned community on 5,750 acres of former farmland in four Bucks County municipalities: Falls, Bristol and Middletown Townships and Tullytown Borough.

Levittown, Pennsylvania was Levitt's second such endeavor, though it would be his largest development. The first and third Levittowns are located on Long Island, New York, and in

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[23]Bruce Katz, "Reviving Cities: Think Metropolitan," Brookings Policy Brief, No. 33, (June 1998), 1-2.

[24]Sources on the history of Levittown, PA include: Herbert J. Gans, *Levittowners: Ways of Life and Politics in a New Suburban Community* (New York: Vintage, 1967); the *Levittown Express* (5/20/92) and Isin Ugur-Bastepe, "?Levittown: a New Model for Suburban Housing," (1998).

Willingboro Township in Burlington County. Levitt proposed building 16,000 dwelling units in Willingboro to support a community of 60,000 people. The scale of this development is all the more remarkable given that Willingboro had a 1950 population of 852 persons.[25]

Because the United States was involved in the Korean War, Levitt had to get the federal government to declare Lower Bucks County a "critical defense area" in order to obtain adequate supplies of building materials. That designation also allowed liberal mortgage terms for home buyers. Housing for the people who would produce steel at the nearby mills proved a compelling enough reason for the government to grant Levitt's request.

Levittown attracted large numbers of residents in part because its houses were affordable. They sold for roughly $9,990 each at a time when veterans' home purchases were subsidized and the average annual income of American families was $4,070 (in 1952). Many of the first settlers of Levittown came from communities within the Delaware Valley, including Bristol, Trenton and especially Philadelphia. Some families were also transferred from Pittsburgh by U.S. Steel.

Levitt's system of development employed techniques of mass production, with pre-fabricated materials arriving already cut and drilled. Between 1952 and 1958, Levitt's workers constructed 17,311 single family homes in Lower Bucks County. An estimated two hundred houses were built per week, with one Levitt home completed on an average of every sixteen minutes. Levittown houses came in seven different exterior colors and four exterior designs, generally interspersed to create an impression of variety. All houses shared the same floor plan. The paved streets were replete with sidewalks, lighting and landscaping, as well as underground water, sewer, telephone and electric lines. Such amenities were strikingly new in previously rural Bucks County.

Unlike the Levittown on Long Island, the community in Pennsylvania was planned as a "self-contained city" with recreational areas, schools, churches and shopping facilities interconnected by tree-lined parkways. All 17,311 Levittown houses were grouped into one of seven or eight superblocks, with each superblock divided into 40 neighborhoods containing an average of 430 homes. At the center of each superblock was a civic center with an elementary school, a recreational area, and a public swimming pool. Each neighborhood was given a picturesque name such as Magnolia Hill or Highland Park. In the heart of Levittown was the 114-foot-wide, tree-lined Levittown Parkway, which gave residents easy access to the Levittown Shop-a-rama (Levittown Shopping Center), a sprawling outdoor mall with acres of parking on Route 13 in Tullytown. This center cost $25 million to construct in 1952-53, and over 900 applications were made for 90 store spaces available.

Levittown is remarkable for its form, scale, and efficiency of development. It is recognized as a landmark of suburban history, and it contributed significantly to that alteration of the metropolitan

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[25]Community Planning Associates, *Delaware Valley Region of Burlington County, NJ - Future Development Patterns* (1960), 8.

landscape. Levittown was by no means built simply to house workers for U.S. Steel and related employers. It represented a new housing choice for the Delaware Valley's middle class families desiring a detached home and a predictably-ordered community, as long as they were willing and able to commute to work by automobile. Its development contributed to regional job decentralization and further residential sprawl.

While many of the first settlers in Levittown worked in Philadelphia, their proportion began to drop in the 1960s. From 1960 to 1970, the percentage of Levittowners working in Bucks County rose from 60 percent to 71 percent, while the proportion of those working in Philadelphia fell from 29 percent to 19 percent. This trend has continued in the 1990s. Most Levittown residents depend upon automobiles for their trips for work, shopping, personal business and recreation. Even today, the area is served only minimally by transit.

Built in an era when most Bucks County roads were still narrow and unpaved, Levittown had its share of growing pains. Costly new infrastructure needs stressed its four municipalities. Area school systems were not initially prepared to take on the influx of students from Levittown, and many schools ran double sessions until new facilities could be built. Twelve new schools were constructed in the 1950s and 1960s in the three school districts where Levittowners sent their children. Other municipal services likewise required expansion, including fire and police departments, with the latter responding to increases in crime brought about by the rapid transformations of their previously rural communities.

Certain social problems were also associated with early Levittown. Its population was neither racially nor socioeconomically diverse, and Levitt initially refused to sell homes to African Americans. When the town's first African American family moved in, in 1957, neighbors harassed them and a major race riot was narrowly avoided. Even today, only 100 African American families reside among Levittown's 17,000 homes. Class segregation in Levittown is similarly notable, and urban historian Lewis Mumford has criticized the community for both its physical and class structure:

> Levittown offers a very narrow range of house type to a narrow income range. It is a one-class community on a great scale, too congested for effective variety and too spread out for social relationships necessary among high school children, old folks, and families who cannot afford outside help. Mechanically, it is admirably done, socially the design is backward.[26]

Despite its shortcomings, Levittown was an enormously popular choice for people leaving the older cities and boroughs of the Delaware Valley in the 1950s and 1960s. The spirit of growth and excitement about new suburban ways of life permeated family and civic affairs among Levittowners in that period. By the 1980s, however, Levittown had lost its aura of newness and many of its

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[26]As quoted in the *Levittown Express* (5/20/92).

competitive advantages over other communities in the region. As large indoor malls were developed not far from Levittown in the 1970s and 1980s, the Levittown Shopping Center lost tenants. With neighborhoods already built out, there was little room for residential growth. The houses that looked new in 1960 were now out of style. Yet another boom in residential construction came to lower and central Bucks County in the 1980s and 1990s, and for those who could afford them, these were the preferred alternative in this part of the region. Levittown was no longer the community of choice for the typical suburban home buyer.

By the 1970s, Levittown was already experiencing many of the problems common to older cities and first generation suburbs. Its population declined by 19.5 percent between 1970 and 1980, as older members of the community aged and many young people moved out. Job loss and unemployment have also affected Levittown, as U.S. Steel downsized with the decline of the steel industry and many other factories along the Delaware River waterfront closed. Declining enrollment in the schools forced several school closings, including the first school built in Levittown. By the 1990s, three of the four municipalities that include parts of Levittown lagged considerably behind the average for the nine county region's suburbs in several indicators of community stability, including population change, median income and growth in home sales prices (see Table 1.1).

The changing fortunes of the Levittown Shop-a-rama illustrate the forces that have reshaped suburban retail development. The next case study focuses on retailing using the example of the Cherry Hill Mall. While the Cherry Hill Mall dominated downtown business districts in nearby New Jersey suburbs during the 1960s and 1970s, more recently, it found itself up against intense new competition from malls in other, more affluent communities.

Retailing: Cherry Hill Mall Challenges Suburban Central Business Districts

In 1961, James W. Rouse hired architect Victor Gruen to design "the largest completely enclosed suburban shopping area east of the Mississippi." This project, the Cherry Hill Mall, became the prototype for a new kind of retail center that reshaped the shopping experience, challenging nearby downtown business districts in the process.

Even as the Cherry Hill Mall was under construction, the *Courier Post*[27] celebrated its amenities. "No matter what the weather is outside," the *Post* claimed, "it will create no problem to visitors in the Cherry Hill Mall. They will shop in air-conditioned comfort." Advertisements for the mall boasted "a friendly atmosphere where dancing fountains, thousands of exotic trees, shrubs and waterfalls combine in a sheltered climate controlled tropical paradise. ...Twenty thousand tropical trees, plants and shrubs, some reaching thirty feet in height, line the malls and courts of the 1,000,000 square foot shopper's paradise." By the mid-1960s, the mall's more than 70 acres were

[27] *Courier Post,* March 12, 1960.

Table 1.1
Snapshot of Levittown in the 1990s

	Bristol Township	Falls Township	Middletown Township	Tullytown Borough	9-County Region (excluding core cities)
Population Growth, 1990-96	1.0%	-0.6%	4.7%	-1.4%	4.4%
Median Household Income, 1997	$42,822	$46,950	$56,899	$45,473	$55,020
Average Home Sales Prices, 1997	$95,000	$112,950	$140,000	$97,000	$136,293*
Average Home Sales Prices Growth, 1987-97	+25%	-10%	+14%	+20%	+30%*

Table Notes: Levittown includes of portions of Bristol, Falls and Middletown Townships and Tullytown Borough. 9-County Region excludes the core cities of Philadelphia, Camden, Trenton and Chester.
* Regional home sales price data is derived from unweighted municipal averages.
Sources: Population - 1990 Census and Census Bureau estimates; Income - Claritas (as reported in Guide to Home Prices, *Philadelphia Inquirer*, March 29, 1998); Home sales prices - Realist and State of New Jersey Department of Treasury (as reported in Guide to Home Prices, *Philadelphia Inquirer*, March 29, 1998).

home to more than 115 shops, two major department stores (Strawbridge & Clothier and Bamberger's), and parking for 6,000 cars. Soon after the mall's construction, the One Cherry Hill office tower was built on the same property.

But Cherry Hill Mall was not just a new and larger physical environment. It also changed the social definition of retail in basic ways, ultimately creating a new type of community center. Early promotional literature stated: "Cherry Hill Mall is a city within itself... providing a year-round, 7 day a week calendar of special cultural and entertaining events and attractions for every member of the family. Cherry Hill Mall is a social hub... offering many and diverse civic services to the community with club meetings, dances and wedding receptions to name a few." Beyond shopping, the mall was a new town center with dining, meeting space in its Community Hall and diverse sorts of entertainment. In this sense, the mall served many of the same functions as the traditional downtown business district.

Nearby first generation suburbs of Merchantville and Pennsauken felt the impact of their new neighbor. Merchantville grew up as a streetcar suburb of Camden in the late 19th and early 20th centuries. It developed a localized business district that served area residents with 'staple' enterprises such as grocery stores, pharmacies, and small boutiques and restaurants. In the 1920s, the town of Pennsauken began to grow around Merchantville, initially with its own, much smaller commercial center.

Pennsauken's business district did not have viable opportunities to grow. In the decades of the 1950s and 1960s, the farmland and peach orchards at the junction of Routes 30 and 38 (around Airport Circle) became what is now known as Pennsauken, an overwhelmingly residential community with several highway spines running through it. These two roads had been transformed from country roads into major regional highways. Pennsauken's and Merchantville's original, small business districts were no longer the town centers they were built to be. Instead, Cherry Hill Mall and the highways that lead to it rendered them technologically and socially obsolete by bypassing Pennsauken's and Merchantville's downtown business districts. The central business districts of other older suburbs in northern Camden County, including Collingswood and Lawnside, also suffered from competition with the Cherry Hill Mall. In the city of Camden, many downtown businesses relocated in the 1960s to be among the mall's first tenants.

In recent years, Cherry Hill Mall's position in the regional retail market has been threatened by competition from newer malls constructed in the next ring of suburbs. A few miles east on Route 38, plans to expand and upgrade the Moorestown Mall were taking shape. Built in 1963 and renovated in 1993-94, the Moorestown Mall was much smaller than Cherry Hill, and it had historically served a much smaller market. By 1997, however, the municipalities of western Burlington County had developed enough upscale suburban housing to warrant a major expansion at Moorestown. Two upscale anchor stores were to be added to the mall, along with extra space for smaller retail establishments. The prospect of a larger mall with more luxury stores in a more affluent market just up the road left Cherry Hill Mall in a vulnerable position. To neutralize this threat, the Rouse Company added Moorestown Mall to their list of retail centers in the area in December 1997.

A mall-related development outside of the region illustrates how suburban development patterns eventually go full circle. Municipal officials in Schaumburg, Illinois, a first generation suburb located west of Chicago, recently razed a run-down mall to make room for a new Town Square. The new center is anchored by a new public library and consists of shops, a small waterfall, a skating pond, a clock tower and an amphitheater. The Mayor of Schaumburg hopes the Town Square will function as a gathering place.[28] In short, the evolution of this parcel from vacant land to a mall to a formal Town Square matches Schaumburg's development from a growing post-war suburb to a mature community in search of a civic and social core.

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[28]As reported by Carol Jouzaitis, "Suburbs strolling into the past," *USA Today*, April 7, 1998, 3A.

Town centers are not the only institution that has been transformed by 20th century suburban development patterns. The next case study considers the implications of rapid population growth and increasing ethnic and class diversity in the public schools using Upper Darby High School as an example.

Schools: Upper Darby High School and its Growing Pains[29]

Upper Darby grew from a small rural community to a mid-sized suburb of Philadelphia in the first decades of the 20th century. The Market Street Elevated Passenger Railway (the El) arrived at 69th Street in 1907, facilitating the township's development as a bedroom community for middle-class families whose working members commuted to jobs in the city. The town's central business district grew up around the 69th Street Terminal. In 1910, Upper Darby's population was 5,385, but by 1930 it had risen to 47,145. Relatively dense development of small lots within walking distance of the 69th Street Terminal contrasted with areas of detached single homes on larger lots in the western two thirds of the township. Inhabitants of these latter areas commuted by automobile or streetcar to the Terminal.

Concern for education was evident in Upper Darby early in its development. In 1930, while 45 percent of 16- and 17-year-olds in Philadelphia attended school, the U.S. Census recorded 69 percent of Upper Darby's corresponding population attending school. In response to the Township's rapid population growth, a new high school was built in 1919 at a cost of $217,000, and that building received a new wing housing 33 classrooms just five years later. By 1950, Upper Darby High School again needed expanded facilities, as the township's population reached 84,951. Two new wings completed in 1952 at a cost of $2,500,000 added a gymnasium, a cafeteria and a wood shop, as well as new classrooms. In 1969, with still increasing demand for space and modernized physical plant, the school board approved the demolition of the 1919 building and the implementation of a twelve million dollar plan in its place. At the opening of the new facilities in 1972, principal Marvyn Jaffe declared them to be among "the finest in the East." With each of these building campaigns, Upper Darby updated its capital stock to accommodate a growing population.

In addition, the school district had to provide special services to accommodate an ever changing population. Initially settled by American-born, middle-class whites, Upper Darby became more ethnically diverse following World War II. Irish, Italians, and especially Greek immigrants able to move out of Philadelphia purchased homes in the eastern area of the township close to the 69th Street Terminal. By 1980, the census tract closest to the Terminal reported a population that was 28 percent Greek. With new and different populations, Upper Darby School District has needed to both grow and diversify its services. English as a Second Language (ESL) programs were initiated in the

[29]Sources on Upper Darby and its high school include: Michael M. Phillips, *More Suburbs Find City Ills Don't Respect City Limits*, Wall Street Journal (11/13/97); and *Centennial Day Wall of Fame Assembly* handbook, Upper Darby High School (5/12/95).

Upper Darby Schools in the 1970s. By the mid-1980s, however, these earlier immigrants were widely considered to have 'assimilated,' and their children no longer needed such services in the schools.

In the 1980s and 1990s, new groups of immigrants have been moving to Upper Darby, many of them from southeast Asia. Students of more than fifty nationalities now attend the Upper Darby schools, and ESL programs have expanded dramatically. After a slight decline in the 1980s, enrollment in the 1990s has been rapidly increasing, with a 27 percent increase between 1991 and 1997. This is partly due to increases in raw numbers of school age children, numbers of children per family, increased private school tuition, and the good reputation of the district's schools. The need to serve this larger and more diverse population has placed increased pressure on school staff, facilities and program funding. In the past four years, Upper Darby High School has spent $21 million on new classrooms, cafeteria space, a new administrative wing and a new Arts and Technology building.

Upper Darby's struggle to satisfy the capital and programmatic needs of its schools represents one part of the community's broader fiscal and social distress. Problems of school finance are closely related to the crisis of tax base. Even as school enrollment rises, the township has lost an estimated 2.2 percent of its population between 1990 (81,177) and 1996 (79,422). Home prices in the eastern part of the township fell 15 to 18 percent in the past five years, and even in some more affluent areas to the west they fell as much as ten percent.

Overall, Upper Darby's assessed property values fell 5.2 percent from 1990 to 1997. In response to this trend, coupled with greater needs and expenses in the schools, tax rates within the school district have risen 55 percent during that same period. New and old residents alike feel the pressures of these economic trends. Some move to communities with lower taxes, some have rallied behind efforts to reform tax structures, and still others seek to understand the roots of their problems. Older residents without children in the schools appear particularly concerned about the burden of paying for the higher costs of education. Unfortunately, some older residents of Upper Darby blame more recent immigrants for their problems. Beyond taxes and services, this is becoming a serious social problem affecting community structures and neighborhood relations.

Transportation: Journey to Work Trends and the Decline of the Hub

The final case study is on changing transportation and journey-to-work patterns. Investments in transportation infrastructure have been both a cause and an effect of suburbanization. On the one hand, new road construction in the post-war era has encouraged widespread residential and commercial development in previously undeveloped locations. On the other hand, as population and jobs have decentralized from the urban core, the existing road and rail infrastructure, originally designed to connect suburban residents to center city jobs, is ill suited to suburb-to-suburb work

trips. These changing travel patterns are a cross-cutting reflection of the evolution of the region's first generation suburbs.

Older boroughs and mid-twentieth century suburbs have distinct commuting histories, though more recently those histories have converged. The early boroughs like Bristol and Quakertown, Pennsylvania and Bordentown and Pitman, New Jersey were employment centers in their own right until at least the mid-twentieth century. Their residents tended to work in the communities where they lived, generally walking to work. Late nineteenth and early twentieth century suburbs of Philadelphia generally served a growing middle class that commuted to the city to work. They took the twenty minute ferry from Riverton, New Jersey to Penn's Landing, the train from Mount Airy and Germantown (in northwest Philadelphia) to the Reading Terminal and Suburban Station or the elevated subway from Upper Darby. Many of the region's early suburbs were themselves built by developers associated with the rail and traction industries, and those communities were therefore constructed around the growing network of transit lines radiating out from the central city.

The townships and boroughs that developed rapidly in the years following World War II were generally less associated with transit routes, though many had regional rail stations that linked their workers to the still dominant regional employment centers of Philadelphia, Trenton, Camden, and Chester. However, places like Levittown, Pennsauken, and Willingboro were built for automobile owners and were not considered dense enough to support efficient or effective transit systems. In the 1950s and 1960s, these were largely bedroom communities for the region's older employment centers, although that began to change with the job decentralization that they themselves inspired. By the mid-1960s, residents of Pennsauken could drive to the new office tower at One Cherry Hill rather than driving to downtown Camden for work. An increasing number of Levittowners were driving to office and industrial parks in Bensalem or Bristol Township instead of commuting to Center City Philadelphia.

In the region's older boroughs in the 1960s and 1970s, industrial economies were declining and the early shopping malls like Cherry Hill and Plymouth Meeting were beginning to take away business from the central business districts of towns like Merchantville, New Jersey and Norristown, Pennsylvania. As employment opportunities diminished in these communities and the region's central cities lost large proportions of their jobs, residents of older boroughs increasingly commuted by car to new jobs in other suburbs with growing economic opportunities. Although population and job loss in the cities has slowed in the 1980s and 1990s, rapid and sprawling suburban growth has continued. Prevailing regional commuting trends have shifted from a pattern resembling spokes on a wheel, connecting suburban residents to jobs in the core cities, to a less regular pattern including reverse commutes from city dwellings to jobs in the suburbs and suburb-to-suburb journeys to work. The central city employment and transportation hubs have thus lost much of their regional prominence.

The suburbs' proportion of the region's jobs - especially new jobs - continues to rise. In 1970, 52 percent of the region's jobs were located in the four core cities of Philadelphia, Camden, Trenton, and Chester, but that proportion fell to 42 percent in 1980 and below 40 percent in 1990.[30] In the 1980s and 1990s, large corporations began developing suburban office parks with acres of parking lots, principally in the favored quarters of the region, most notably along Route 202 in Pennsylvania and Route 1 in New Jersey. Many residents of first generation suburbs now travel, most often driving alone along highways, to jobs in places like the Great Valley Corporate Center in Malvern, Pennsylvania and the Carnegie Center in West Windsor, New Jersey. In 1990, only 27 percent of resident workers in first generation suburbs were employed in the region's core cities.

As Table 1.2 documents, workers in the Delaware Valley rely overwhelmingly on single-occupant vehicles for their trips to work. In 1990, 68 percent drove to work alone (up 9 percentage points from 1980), 12 percent commuted by carpool or vanpool (down 6 points from 1980), and 11 percent used public transportation (down almost 4 points from 1980). For suburban residents, dependence on the automobile is even higher. In 1990, 86 percent of resident workers living in first generation suburbs commuted to work by car, compared with 60 percent in the region's core cities and 91 percent of resident workers living in newer, 'outer ring' suburbs.

Table 1.2
Changes in Means of Transportation, 1980-90

	1980	**1990**
Drove Alone	59%	68%
Carpool/Vanpool	18	12
Public Transit	15	11
Other	8	9
Total	100%	100%

Source: DVRPC, *Journey-to-Work Trends in Camden, Trenton, Chester and Philadelphia, 1970-1990* (1994), 32.

[30]DVRPC, *Journey-to-Work Trends in Camden, Trenton, Chester and Philadelphia, 1970-1990* (1994), 6.

Continued residential and job decentralization in the region has complicated the journey to work of residents of first generation suburbs. Fiscal zoning practices (see the discussion on page 84) in developing communities, generally those with more new jobs, also restrict the residential mobility of the working and middle class first generation suburb residents who need those jobs. With limited suburb-to-suburb transit options and the need to drive to work alone, their commuting costs have risen. Resultant highway congestion, pollution, and related environmental problems negatively affect the quality of life in both first generation suburbs and the region as a whole. As the growth centers of the region continue to expand and relatively little economic growth occurs in most older communities, residents of first generation suburbs continue to experience more costly and complicated commutes and diminished quality of life.

CHAPTER TWO
PROFILE OF CONDITIONS IN FIRST GENERATION SUBURBS

Chapter One describes how the Delaware Valley region was transformed in the second half of the twentieth century by sprawl and decentralized development, with special reference to the impact on first generation suburbs and older municipalities. The first wave of development after World War II helped many townships and boroughs evolve into favored bedroom communities that enjoyed both the economic and cultural advantages of proximity to the city and the tranquility and greenery of the suburbs. In later years, however, subsequent waves of development took place outside of these areas as formerly rural communities and large parcels of undeveloped land grew into the next generation of suburbs. Many of the region's first generation suburbs began to lose population and jobs due to decentralization. These trends have continued in many parts of the region into the 1990s.

This chapter continues the story by developing a profile of conditions in the region's townships and boroughs in the 1990s. This profile is illustrated with a series of maps that show local demographic conditions, development trends, and transportation and commuting patterns. These maps document a substantial and, in some cases, widening gulf between conditions in the most troubled and the most affluent communities, challenging the notion of monolithic suburbs sharing uniform and prosperous conditions. The profile clearly demonstrates that the suburbs that are the least well off typically share more in common with the core cities of Philadelphia, Camden, Trenton and Chester than with the region's more prosperous townships and boroughs.

Demographic Conditions

This section summarizes four key characteristics of local populations, including population and job growth rates, racial composition and median household income levels.

Population Change, 1990-96. The rate at which people move to or away from a municipality is perhaps the simplest overall indicator of community well-being. Simply put, people "vote with their feet" by gravitating toward places that are or are perceived as more desirable. Map 2.1 shows the percent change in population between 1990 and 1996, with municipalities that lost population during this period shown in red and those that grew slowly (0 to 4.9%) shown in cream.

Substantial clusters of municipalities with population loss are present in eastern Delaware and northern Camden counties. Combined with net population losers in Bucks, Montgomery, Burlington and Gloucester, these communities form a near perfect red ring around the core cities of Philadelphia, Camden and Chester. A second red ring is present in Bucks and Mercer counties in the greater Trenton region. It is clear that most of the townships and boroughs located close to the

region's central cities are losing population in the 1990s, albeit, in most cases, at a slower rate than the urban core.

In addition to these "inner ring" communities, most of the small red "islands" that are scattered throughout the outer portions of the counties represent older boroughs that are losing population to newer, more economically dynamic settlements.

Places that are growing moderately and strongly are colored light blue and deep blue, respectively. With few exceptions, population growth in the region is concentrated in an arc that extends through the outer portions of the region from southern Chester County through Montgomery and Bucks counties to northern Mercer County. A second, somewhat smaller arc extends from the fast growing Woolwich-Harrison-Mantua region of Gloucester County through southern Camden County up into Burlington County.

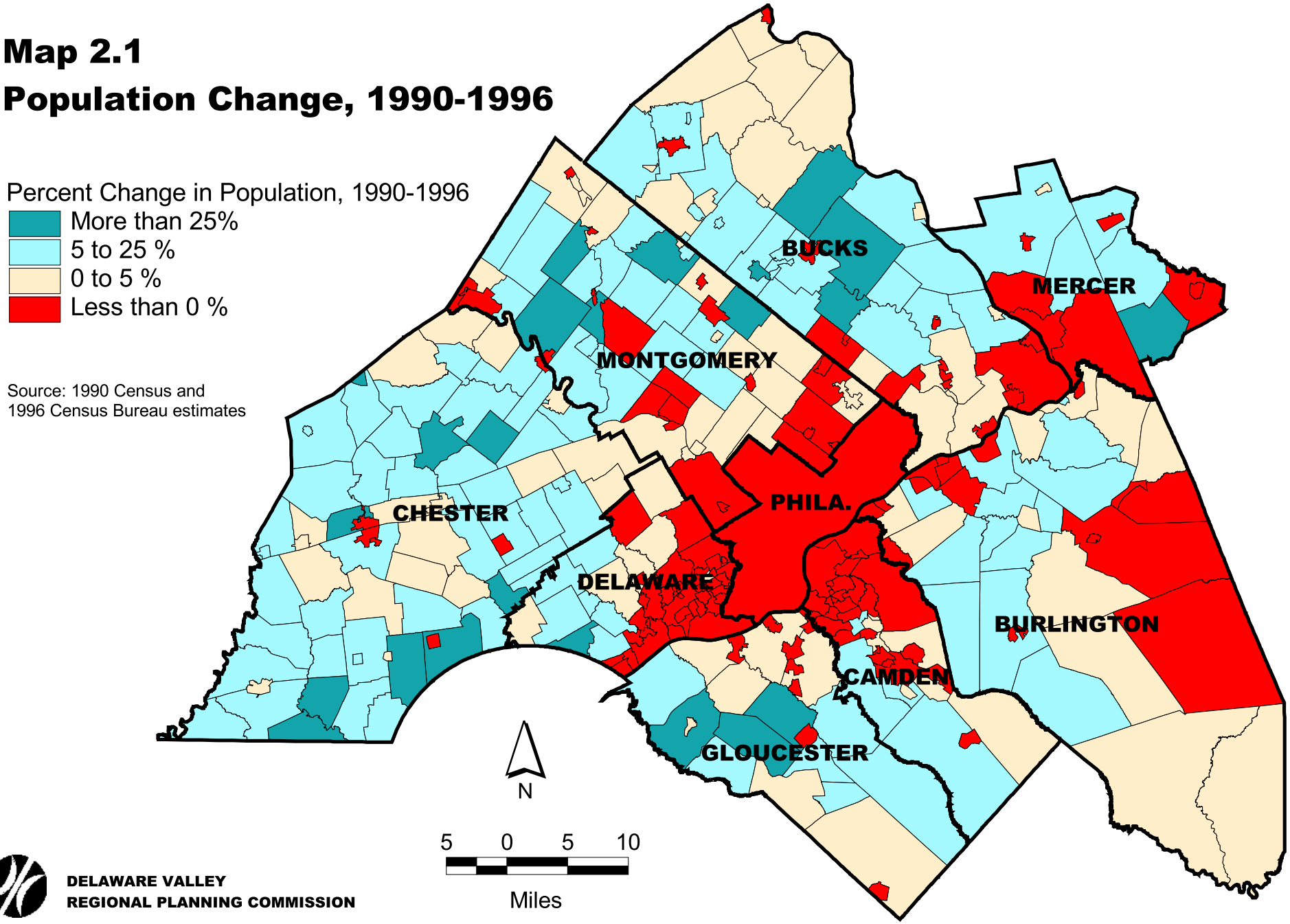
In addition to being a meaningful indicator of overall municipal health in and of itself, the population change measure will be used as a way to group municipalities in other parts of this analysis. More specifically, the cohort of townships and boroughs that lost population in the 1990s offer a good proxy for distressed municipalities that will be analyzed in more detail in other parts of this study.

Percent Non-White Students, 1997. By the year 2020, it is estimated that 45 percent of the nation's youth under 18 years of age will be non-white and in 2050, almost half the nation's population will be non-white.[31] Although large portions of the region remain racially homogeneous, differential birth rates between whites, African Americans, Asians and other groups mean that the region's racial composition is changing rapidly. Because these changes are driven by birth rates rather than by net migration, these changes become first apparent in the schools.

Map 2.2 uses school enrollment data to show percent non-white students in 1997. This map uses school district rather than municipal boundaries (see Appendix A for a labeled school district base map). As might be expected, this figure shows relatively high concentrations (more than 25 percent) of non-whites in the big city school districts of Philadelphia, Camden, Trenton and Chester. Burlington, Camden, Gloucester and Mercer counties in New Jersey all have at least two other districts that fall into this category as well. This is due, in part, to concentrations of Hispanic non-whites in agricultural and other rural areas. In southeastern Pennsylvania, Chester, Delaware and Montgomery counties each have two or three districts in the highest category (more than 25 percent non-white) and several districts in the lowest category (less than 5 percent non-white), but are predominantly in the mid-range of values. Bucks County is the exception, with the vast majority of the county registering in the lowest category. It is worth noting that some of the central and upper

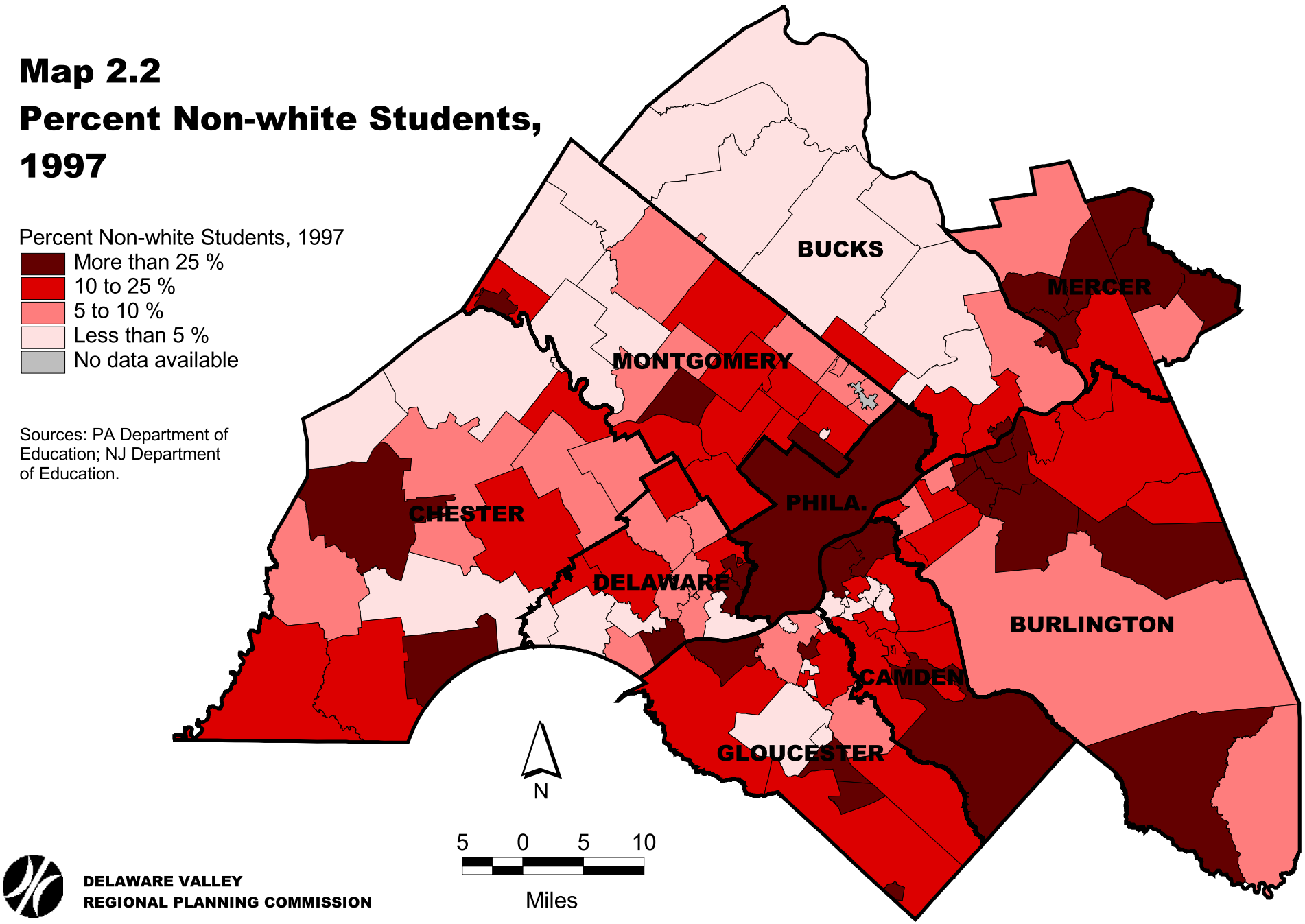
[31]Ted Hershberg, "Introduction to the Greater Philadelphia High School Partnership," Center for Greater Philadelphia website, (1998).

Map 2.1
Population Change, 1990-1996



DELAWARE VALLEY
REGIONAL PLANNING COMMISSION

Map 2.2
Percent Non-white Students, 1997



DELAWARE VALLEY
REGIONAL PLANNING COMMISSION

Bucks County school districts that cover a large amount of land area have relatively low student enrollments.

Median Household Income, 1997. As a region, the Delaware Valley has generally done well in terms of income levels and growth rates. Median household income for the nine-county region was estimated at $46,000 in 1997. However, as Map 2.3 illustrates, there is considerable income variation within the region. Using 1997 income estimates from Claritas, Map 2.3 divides the region into quartiles by income, with the top two quartiles shown in darker shades of green and the third and fourth quartiles shown in lighter shades.

Municipalities in the bottom quartile are clustered in and around the region's core cities, including concentrations in eastern Delaware, lower Bucks and northern Camden counties. These clusters tend to be surrounded by municipalities in the third lowest income quartile. Together, these areas constitute the townships and boroughs that scored below the municipal median income level (i.e., $51,243). The region's older boroughs and the relatively less developed areas on the region's periphery tended to appear in the bottom two quartiles.

In between the urban core and the periphery lies a band of darker green. This band is most pronounced in southeastern Pennsylvania, with the highest earning communities stretching from eastern Chester and western Delaware counties through eastern Montgomery and into Bucks County. The band continues across the Delaware River into Mercer County, with an additional concentration located along the Burlington-Camden County boundary. The median household income for these top earners exceeds $60,000.

Because the higher and lower quartile groups tend to be clustered together, it is apparent that income levels are not randomly distributed throughout the region. In fact, the household income map resembles the population change figure (Map 2.1) in two major respects. First, the lower earning communities tend to be the same communities that lost population in the 1990s. Second, the distribution of relatively high earning communities correlates strongly with the fastest growing townships and boroughs in the 1990-1996 period.

Percent Change in Jobs, 1990-97. The Delaware Valley region has recorded slower than average job growth since 1990. The percent change in total employment ranges from +4.2% in the southeastern Pennsylvania suburbs to +2.4% in the New Jersey suburbs in the 1990 to 1995 period. While this compares favorably to the -8.6% job loss in Philadelphia, the suburban numbers lag behind the +6.7% increase in total employment for the country as a whole.[32] Although encouraging job growth and retention is a regional priority, the bulk of the impact of the job loss is concentrated

[32]U.S. Department of Commerce data as reported in DVRPC's *Regional Indicators: Measuring our Progress to 2020* (April 1998).

in a relatively small number of municipalities. Using 1990 Census data and employment estimates prepared by DVRPC, Map 2.4 shows the percent change in jobs in the 1990-1997 period by municipality. The data in this map refers to the municipalities where the jobs themselves are located as opposed to where the workers who fill the jobs reside.

Townships and boroughs recording negative job growth during this period are colored in red. These municipalities include, but are not limited to the region's core cities and adjacent areas in Delaware, Montgomery, Burlington and Camden counties. As might be expected, many of the region's older boroughs also lost jobs during this period. While many of these communities have already shed substantial numbers of jobs and even industries in the last 25 years, new job generators have not been developed in sufficient quantities to fill the gap. Other townships recorded job deficits due to the impact of one-time economic events such as plant closings and corporate downsizing.

The municipalities that recorded that fastest rate of job growth are colored in dark blue. Many of these rapidly growing job markets are located along major highways such as Routes 202 and 422 in Pennsylvania and Route 1 in New Jersey.

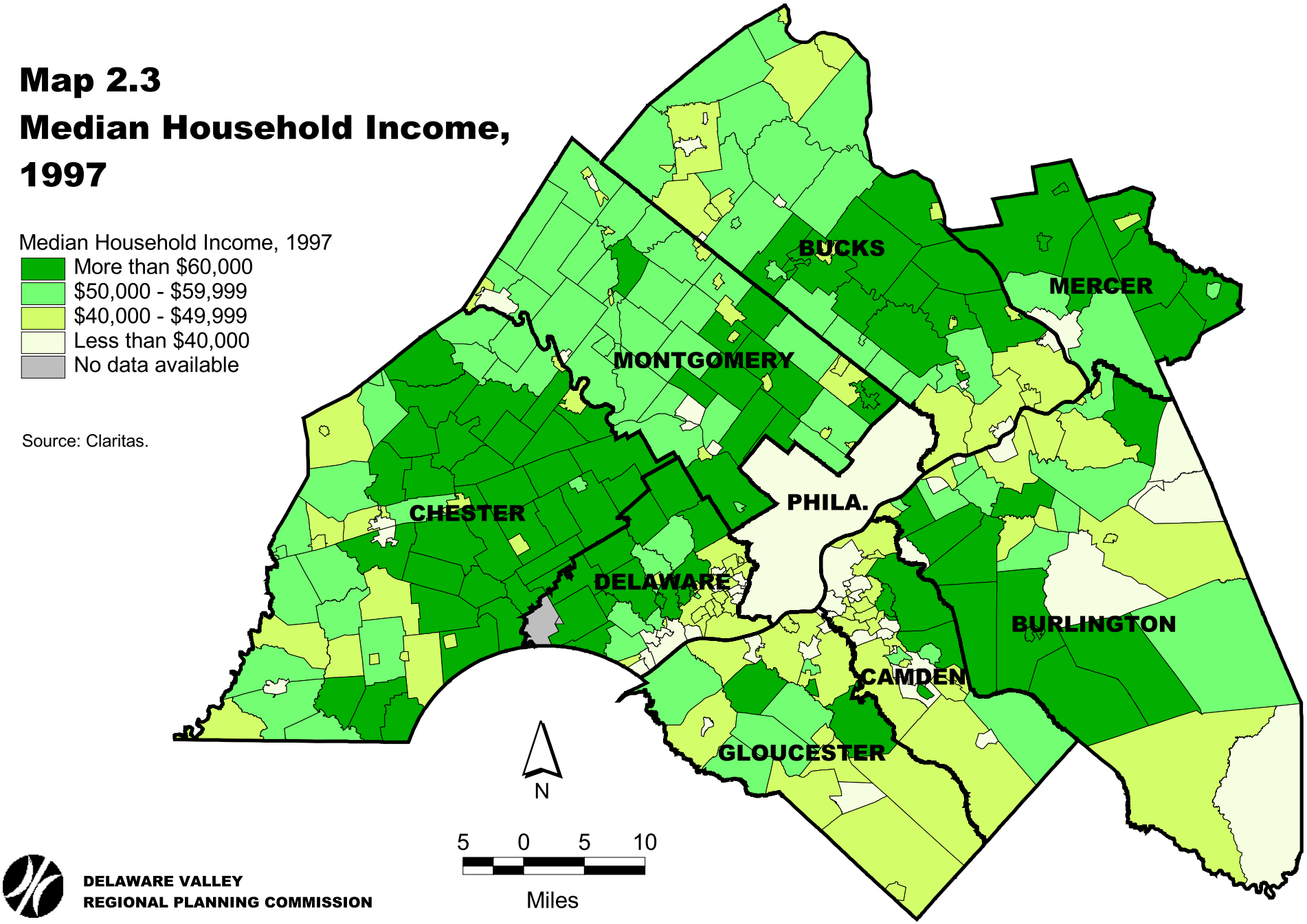
Development Trends

Development trends are important to municipal well being in several ways. On one level, new residential and commercial construction is an obvious indicator of future population and job growth. New development is also associated with the need for additional infrastructure such as roads and transit facilities, water and sewer lines and schools. While some of the costs of new infrastructure may be captured in the form of impact fees on private developers, local government typically shoulders at least some of the burden. An individual municipality's ability to shoulder these costs, in turn, depends largely on the strength of the local tax base.

This section explores these aspects of development trends by looking at residential building permits, average housing sales prices, school openings and closings and tax base per household.

New Housing Units Authorized by Building Permits, 1992-1996. Map 2.5 displays the cumulative number of residential building permits for new housing units issued by municipality between 1992-1996. The data is divided into quartiles, with darker shades delineating higher numbers of permits issued. The highest number of permits were issued in Philadelphia, which is not surprising given the overall size of its housing market and considerable activity by local community development corporations and others to construct new low and moderate income housing. Other areas with high levels of residential building activity in this time period include central Bucks and Montgomery counties, southern Gloucester County, and most of Mercer County. As might be anticipated, this ring of communities with higher numbers of building permits roughly corresponds to the ring of municipalities with considerable gains in population and jobs noted in maps 2.1 and 2.4.

Map 2.3
Median Household Income, 1997



Source: Claritas.

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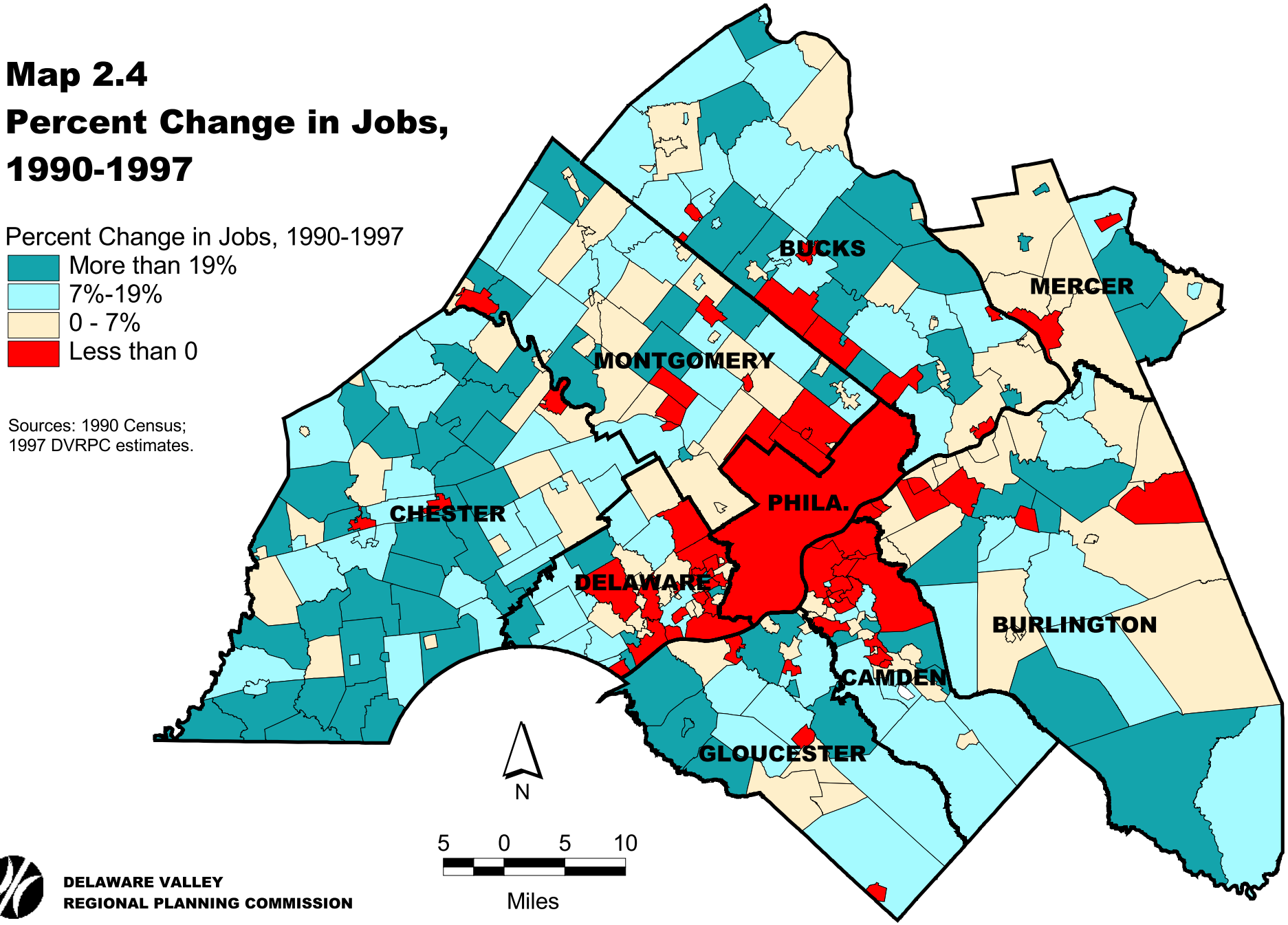
Map 2.4
Percent Change in Jobs, 1990-1997



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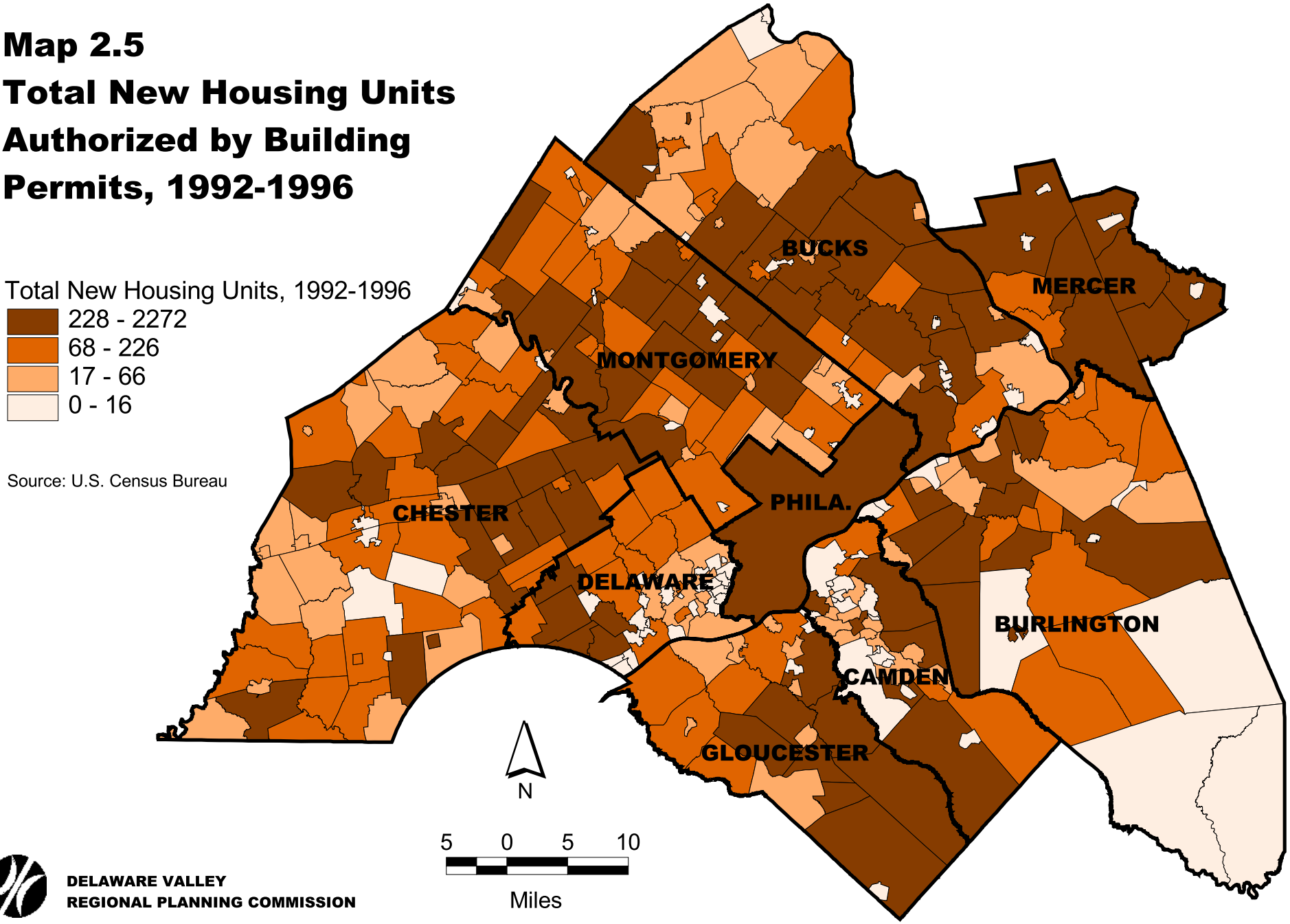
Map 2.5
Total New Housing Units Authorized by Building Permits, 1992-1996



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The second highest category of building activity is shown in dark orange, with the largest concentrations in northern Delaware County, and in parts of Montgomery, Chester, Burlington and Gloucester counties. Communities with the fewest building permits issued are generally smaller in area, and several municipalities in the Pinelands in Burlington County exhibit minimal construction as well. It is important to note that the number of permits issued for different municipalities can mean completely different things depending on the extent of existing development. An increase of 100 new units may constitute extremely rapid growth in a small, mostly rural community while in a large market like Philadelphia such a number would virtually indicate a housing recession.

Housing Sales Prices, 1997. Another difference between the houses in the inner and outer rings is illustrated by Map 2.6 which shows 1997 average housing sales prices by municipality. Data is divided into quartiles with the most expensive housing shown in dark purple and the least expensive housing shown in light pink. With the exception of the relatively high priced housing in eastern Montgomery County and in several western Burlington and eastern Camden County communities, the cities of Philadelphia and Camden are completely surrounded by a ring of pink that is, in most places, several municipalities deep. Another way of describing the pattern of relatively low priced housing is to trace the pink swath along both sides of the Delaware River from Marcus Hook-Logan north to Trenton-Morrisville.

The majority of Camden and Gloucester County municipalities score below the median in terms of 1997 average housing sales price, suggesting that there are a number of affordable communities to be found in southern New Jersey. These are joined by several Pinelands municipalities in Burlington County and a number of predominantly rural townships in western Chester County. Finally, many of the smaller southeastern Pennsylvania boroughs also registered in the bottom two quartiles such that they appear as islands of pink in the mostly purple fields that characterize Bucks, Montgomery and Chester counties.

Based on 1997 housing sales data, the most expensive housing in the Delaware Valley region can be found in eastern Chester and western Delaware counties extending through eastern Montgomery County into central Bucks and northern Mercer counties. This deep purple band strongly resembles the geography of the highest income area in Map 2.3, a correlation that makes sense since high income earners can best afford the most expensive mortgages. Taken in conjunction with the building permit data presented in Map 2.5, the average housing sales price data suggests that the areas outside of Philadelphia with the highest level of new housing activity are also some of the most expensive areas. Given the fact that many municipalities tend to be relatively homogeneous by income, it is likely that much of the new housing construction in this middle ring is for expensive homes.

School Openings and Closings

As the distribution of population and households shifts outward from the region's core, the demand for public services shifts accordingly. Map 2.7 illustrates one example of changing demand for public services by plotting the pattern of school openings and closings by school district in southeastern Pennsylvania between 1989 and 1998.[33] School data provided by the Pennsylvania Department of Education show that roughly two-thirds of the 21 school closings occurred in districts in and around the City of Philadelphia. While some of these closures were offset by new or replacement facilities opening in the same district, the vast majority of new openings occurred in central or upper Bucks County, central and western Montgomery County and Chester County. Orfield and others argue that one of the costs of sprawl and decentralization is the price of constructing new schools and other kinds of physical infrastructure on the outer reaches of the region, especially when there is unused capacity in and around the urban core.

Tax Base per Household

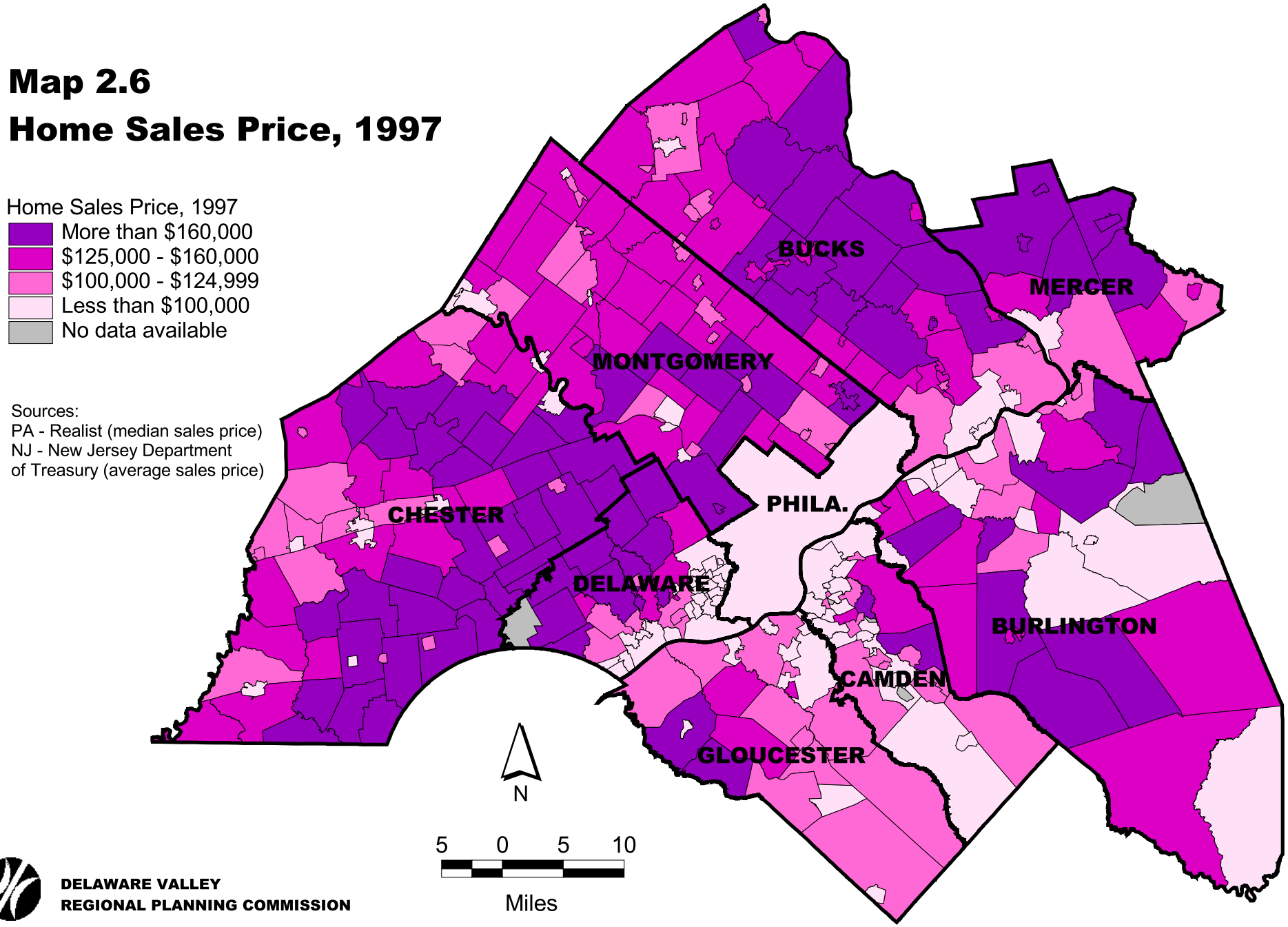
Local property tax considerations shape development decisions in several ways. Perhaps the most obvious link is that the level of local and school taxes directly affects housing affordability. High tax communities are less affordable than low tax communities, other things held equal. In addition, the overall strength of the local tax base affects the ability of local governments and school districts to provide quality services. Communities with relatively high property tax bases are generally able to provide more and better quality services than low tax base communities. This is especially true given that high tax base municipalities characterized by higher priced housing typically have more affluent populations with fewer demands for public services such as intervention for the homeless or specialized remediation programs in public schools. Orfield describes these communities as "high tax/low services" jurisdictions.

Map 2.8 shows 1996 tax base per household by municipality using data provided by the Pennsylvania State Tax Equalization Board and the New Jersey Department of the Treasury. Tax base reflects assessed property values as adjusted by equalization or "common level ratios" calculated at the state level. Because there is not a single set of equalization ratios for the bi-state region, there is no way to fully adjust for differences between assessed values between the two states. As a result, inter-state comparisons should be made with caution.

Focusing first on the five southeastern Pennsylvania counties, the highest tax base areas are clustered in a band that includes portions of western Delaware County, eastern and northern Chester County, eastern and central Montgomery County and central and upper Bucks County. Areas scoring in the

[33]Comparable data for New Jersey school districts was not available at the state level.

Map 2.6
Home Sales Price, 1997



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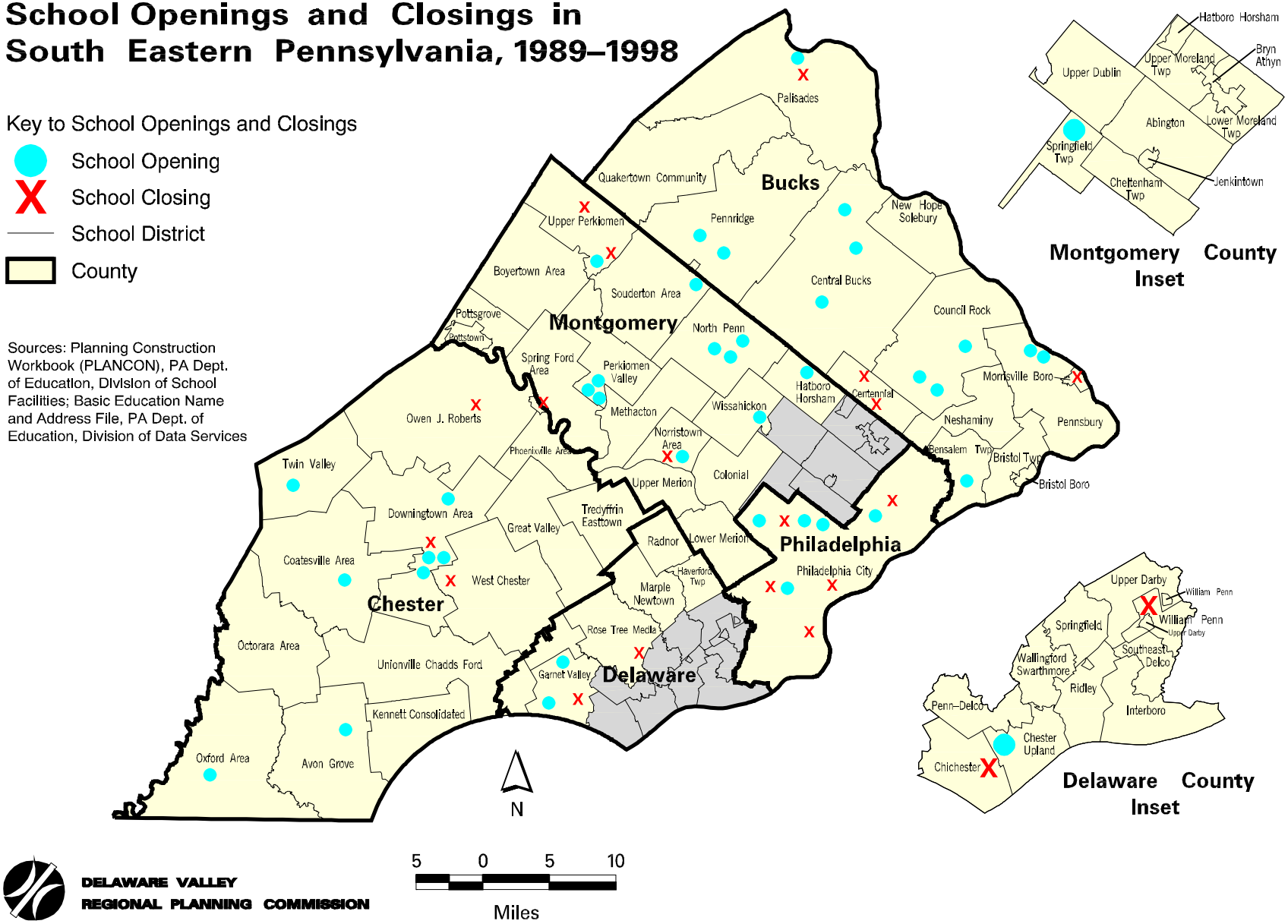
Map 2.7
School Openings and Closings in South Eastern Pennsylvania, 1989–1998



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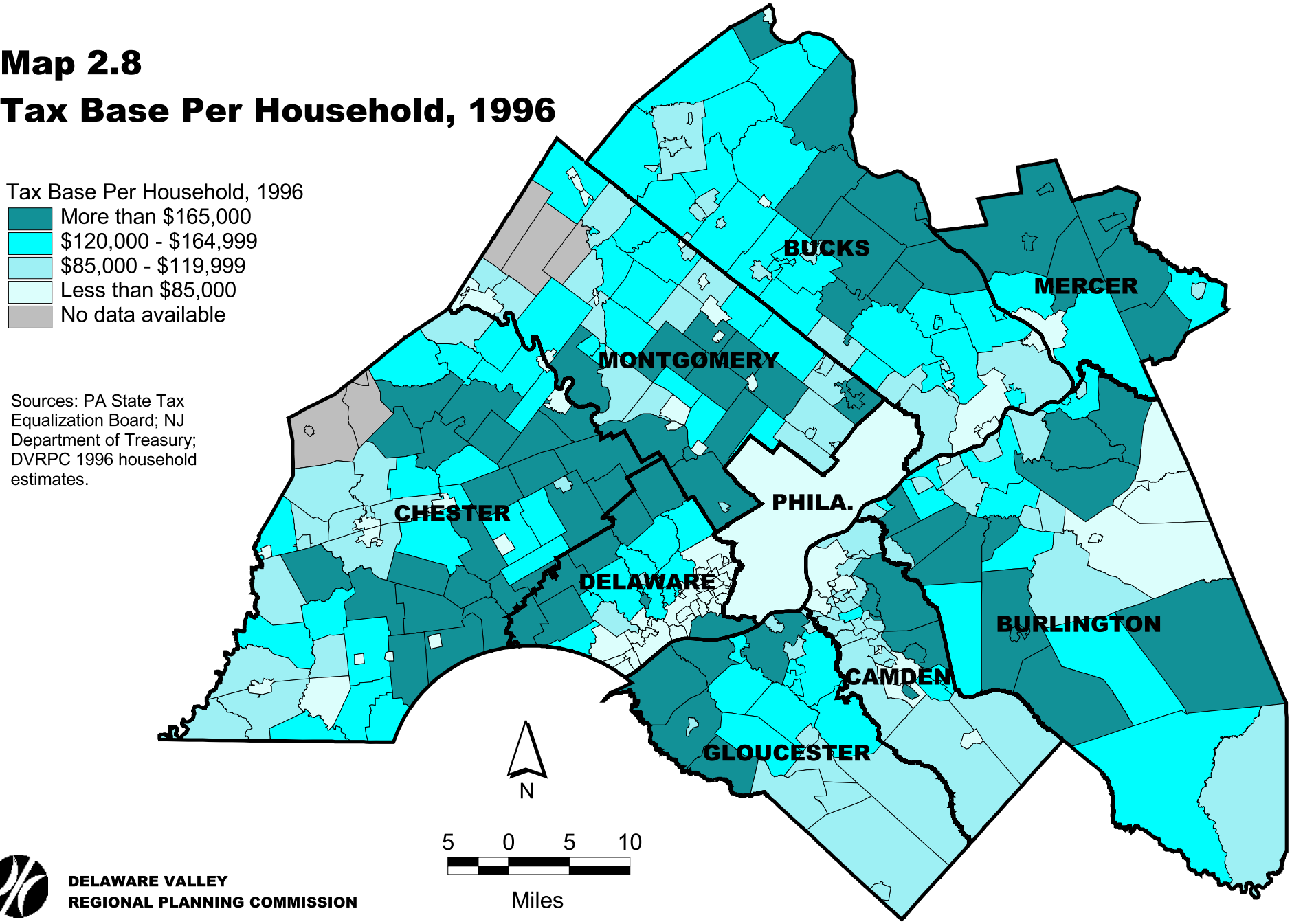
Map 2.8
Tax Base Per Household, 1996



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bottom two quartiles include eastern Delaware County, Philadelphia and lower Bucks County; several predominantly rural townships in the outer periphery of the region; and isolated boroughs. On the New Jersey side, the relatively high tax base municipalities are concentrated in northern Mercer and Gloucester counties, with much of Burlington County also scoring above the median value. River communities in Camden, Burlington and Mercer counties generally had less tax base per household, joined by less developed areas in the Pinelands, southern Gloucester and Camden counties. The City of Camden and its surrounding townships and boroughs generally scored in the lowest quartile. Overall, these patterns are consistent with those observed on the median household income and average home sales prices maps.

Transportation and Commuting Patterns

The transportation and commuting patterns in evidence in the region's first generation suburbs differ from the norms in the core cities and outer portions of the region in some significant ways. Many factors account for these differences, including proximity to major roads and highways, availability of transit, income levels (which affect vehicle availability) and the geography of the region's job market. This section reviews a number of transportation indicators to create a transportation profile for first generation suburbs in comparison with the region's core cities and other areas.

In order to develop a statistical profile it was necessary to divide the region into three categories: core cities, first generation suburbs and rest of the region. The core cities of the Delaware Valley region are generally agreed to be Philadelphia, Camden, Trenton and Chester, and that definition was used for this analysis.

There is no such universally accepted definition of first generation suburbs. In Part One of this report these areas were operationally defined as:

(1) older industrial boroughs, and
(2) townships and boroughs that developed rapidly in the years following World War II.

The corollary of this definition is that these areas subsequently entered into a period of stagnant growth and, in many cases, population decline. For the purposes of the transportation profile, first generation suburbs are defined to be the set of municipalities that lost population between 1990 and 1996. These communities are shown in red on Map 2.1. This group includes a number of isolated boroughs and a significant cluster of municipalities in the vicinity of Philadelphia, Camden and extending north and south along the Delaware River.

The region's remaining townships and boroughs make up the category labeled "rest of the region." Although this group is constructed as a residual category, it serves as a rough approximation of the

faster growing outer ring municipalities. However, it also includes many predominantly rural and agricultural communities that are not currently experiencing significant development pressure and would not qualify as rapidly growing suburbs.

Using this set of definitions, there are four core cities, 119 first generation suburbs and 228 remaining municipalities in the region. Table 2.1 presents a basic demographic profile for these three categories of communities for 1980 and 1990, covering changes in the distribution of total population, households, resident workers and employment (by place of work). For each of these variables, core cities and first generation suburbs lost share between 1980 and 1990 to the rest of the region category.

1990 Transportation Profile

The decennial Census and the associated Census Transportation Planning Package (CTPP) are the most complete sources of municipal level transportation data. Individual municipalities were assigned one of three categories (core cities, first generation suburbs and rest of the region) using the charisteristics summarized in Table 2.1. The transportation profile that follows describes key transportation characteristics of municipalities in the Delaware Valley region, including vehicle availability, means of transportation, average travel time and -- for first generation suburbs -- commuting destinations.

Table 2.2 presents 1990 vehicle availability by household figures for the three groups of municipalities. As expected, car ownership rates are the lowest in the core cities and highest in the outer portions of the region. For first generation suburbs, slightly less than 10 percent of all households are without access to a privately-owned automobile and slightly more than one-third of all households are single-car families. Looking at the data another way, the incidence of owning two or more vehicles rises with distance from the urban core. Approximately 22 percent of core city households own two or more vehicles, a share which rises to 54 percent for first generation suburbs households and 66 percent for households in the rest of the region. The differences in vehicle availability likely reflect both variations in income levels (i.e., affordability issues) and differences in the level of availability of transit service.

More information about public transit ridership is shown in Table 2.3 which summarizes the 1990 means of transportation for resident workers for each of the three categories of municipalities. Not surprisingly, public transportation is the relatively most important means for resident workers in the core cities, garnering a 27 percent share of the pie. Approximately 6 percent of resident workers living in first generation suburbs take transit, followed by only about 3 percent of resident workers in the rest of the region. These results are consistent with the data in the previous table in that transit usage is inversely related to availability of private automobiles. According to the 1990 data, biking

TABLE 2.1

Regional Demographic Trends, 1980-1990

POPULATION	1980		1990	
Core Cities	1,822,335	36.3%	1,803,600	34.8%
First Generation Suburbs	1,530,893	30.5	1,504,240	29.0
Rest of Region	1,671,306	33.3	1,874,865	36.2
Total	5,024,534		5,182,705	
HOUSEHOLDS	**1980**		**1990**	
Core Cities	666,030	38.1%	674,982	35.6%
First Generation Suburbs	535,502	30.7	560,224	29.6
Rest of Region	544,710	31.2	659,100	34.8
Total	1,746,242		1,894,306	
RESIDENT WORKERS	**1980**		**1990**	
Core Cities	703,498	32.6%	738,303	29.6%
First Generation Suburbs	706,298	32.8	775,284	31.1
Rest of Region	746,805	34.6	982,628	39.4
Total	2,156,601		2,496,215	
EMPLOYMENT	**1980**		**1990**	
Core Cities	961,191	42.4%	957,435	35.6%
First Generation Suburbs	682,745	30.1	759,641	28.2
Rest of Region	625,326	27.6	974,061	36.2
Total	2,269,262		2,688,137	

Sources: *Population, Households and Resident Workers* - 1980 and 1990 Census (STF3 and STF3A files). *Employment* - 1980 and 1990 Census Transportation Planning Package, Statewide Element, Part C, Tabulations of Area of Residence by Area of Work (CTPP file) as adjusted by DVRPC to account for multiple job holders and those temporarily absent from work.

Table 2.2
1990 Vehicle Availability by Household, Percent Distribution

	Zero-Car Households	One-Car Households	Two or More Cars
Core Cities	38.0%	40.3%	21.7%
First Generation Suburbs	9.8%	36.5%	53.7%
Rest of Region	4.5%	28.7%	66.8%

Source: 1990 Census Transportation Planning Package, Statewide Element, Part C, Tabulations of Area of Residence by Area of Work (CTPP file) as adjusted by DVRPC to account for multiple job holders and those temporarily absent from work.

Table 2.3
1990 Means of Transportation by Resident Worker

	Automobile	Public Transp.	Biked	Walked	Other Means	Total
Core Cities	429,691 (59.8%)	193,184 (26.9%)	3,979 (0.5%)	72,986 (10.2%)	19,085 (2.6%)	718,925 (100.0%)
First Generation Suburbs	655,509 (85.7%)	47,381 (6.2%)	2,226 (0.3%)	37,431 (4.9%)	22,370 (2.9%)	764,917 (100.0%)
Rest of Region	868,761 (90.5%)	32,667 (3.4%)	1,889 (0.2%)	23,187 (2.4%)	33,133 (3.5%)	959,637 (100.0%)

Source: 1990 Census Transportation Planning Package, Statewide Element, Part C, Tabulations of Area of Residence by Area of Work (CTPP file) as adjusted by DVRPC to account for multiple job holders and those temporarily absent from work. Other Means includes taxi, motorcycle, ferry and those who worked at home.

is not a significant means of commuting for any category of municipality while the incidence of walking to work is greatest in the urban core (10 percent) followed by the first generation suburbs (5 percent) and the remainder of the region (2 percent).

But the vast majority of the workers commute by car. The proportion ranges from a low of 60 percent for resident workers from the core cities to 86 percent for workers living in first generation

suburbs to more than 90 percent for resident workers in other parts of the region. These numbers confirm that reliance on private automobiles is highest in areas most remote from the urban core, areas which are typically characterized by relatively low densities and decentralized development patterns. Ridership on public transit has been declining in most parts of the region in recent years, and despite rising traffic volumes on most major highways, there is little evidence to suggest that commuting via the region's highways will do anything but increase over the near-term.

Travel time data from home to work for 1990 generally supports the viability of current commuting patterns. Table 2.4 presents estimated travel times by ring, where times are based on average municipal travel times weighted by the number of resident workers in each municipality. The results are somewhat surprising: first generation suburbs resident workers have the shortest mean travel times (22.8 minutes), followed by commuters from the outer portions of the region (24.4 minutes). Despite relatively compact development patterns, residents of core cities have the longest trip times at 26.7 minutes. The previous table shows that core cities workers are more likely to rely on public transportation than persons in other parts of the region. The relatively longer core city travel times in part reflect the differences between travel on public transit and travel by private vehicle.

Table 2.4
1990 Travel Time

	1990 Travel Time
Core Cities	26.7 minutes
First Generation Suburbs	22.8
Rest of Region	24.4

Source: 1990 Census Transportation Planning Package, Statewide Element, Part C, Tabulations of Area of Residence by Area of Work (CTPP file) as adjusted by DVRPC to account for multiple job holders and those temporarily absent from work.

This finding is affirmed by the changes in regional commuting times between 1980 and 1990. The region's average commuting time, actually declined by 3% (from 25.9 minutes to 25.1 minutes). Suburban commutes averaged 23.7 minutes, while City commutes averaged 27.4 minutes. Thus, the observation can be made that even though traffic volumes are increasing at the region's periphery, it actually takes less time for suburb to suburb and intra-suburban commutes, than the more traditional suburb to City and intra-City commutes by automobile or public transit. This fact further reduces the competitive locational advantage of the City and the adjacent, "inner ring" suburbs.

There are several theories to explain why residents of first generation suburbs recorded the lowest mean travel time. One possibility is that, by definition, these communities have always benefitted from natural locational advantages including superior access to roads and highways and relatively close proximity to the region's core cities. In the fifties and sixties, first generation suburbs gained population (and later jobs) precisely because they were well connected with existing transportation infrastructure which allowed their residents easy access to major job markets. These townships and boroughs continued to benefit greatly from improvements to the region's highway network over the years.

Even as jobs shifted out, their geographic position in the "middle" of the region allowed most residents of first generation suburbs to avoid lengthy commutes. Table 2.5 offers some evidence regarding commuting patterns in 1990. Focusing just on the destinations of workers who live in first generation suburbs, this analysis of journey to work data shows that 57 percent of this population travels to jobs in other first generation suburbs. Jobs in the core cities garner the next largest share of the pie at 27 percent followed by the 16 percent share of work in other parts of the region. A complete reporting will not be available until the 2000 Census, but development patterns and job trends presented elsewhere in this chapter suggest that these numbers will be shifting to favor work destinations in the outer portions of the region.

Table 2.5

Commuting Patterns of Workers Who Reside in First Generation Suburbs, 1980-1990

First Generation Suburbs Resident Workers who ...	Number of Workers (percent distribution)
... Commute to Core Cities	209,194 (27%)
... Commute to First Generation Suburbs	441,180 (57%)
... Commute to Rest of Region	124,910 (16%)
Source: 1990 Census (STF3A) as compiled by DVRPC.	

Traffic Volume Trends

The indicators in the 1990 transportation profile demonstrate the primary importance of travel by automobile to first generation suburbs. Change in the level of congestion over time therefore becomes an important consideration. DVRPC has collected regional traffic count data at five-year intervals since 1960. While the traffic data covers more than just the post-war suburbs, the trend line from 1960 to 1995 indicates that two-way traffic volumes on key roads and highways has risen dramatically during this period.

Map 2.9 shows the system of cordons, screenlines and river crossings used for traffic counting. The inner cordon is the most directly relevant to conditions in first generation suburbs. The inner cordon, which was designated by the Penn Jersey Transportation Study in 1960, encloses the most heavily urbanized portion of the region. While only about one-third of the region's total land area, it captures about three-quarters of its total population.[34] The majority of first generation suburbs fall within this boundary. More importantly, the roads and interchanges that define this cordon represent the key connections between post-war suburbs and rapidly growing townships and boroughs in other parts of the region. As a result, while traffic counts along the inner cordon will not yield any information about trip volume between first generation suburbs and the region's core cities, they will provide a great deal of insight concerning two-way travel between first generation suburbs and the outer reaches of the region.

Table 2.6 summarizes changes in the trips crossing the DVRPC Inner Cordon Line by county between 1960 and 1995. From 410,900 crossings in 1960, the count rose to 2.02 million in 1990 and 2.34 million in 1995. The annual number of crossings has risen by almost a factor of six since 1960, with an annual average growth rate of 4.9 percent per year. Several conclusions are immediately evident. First, residents of first generation suburbs are encountering substantially higher traffic volumes than was the case when most of these communities were developed. While not all of the cars on these roads originate from inside the cordon, the cordon clearly consists of roads and highways that are important to the transportation network of post-war suburbs. Second, the increase in the number of crossings of the cordon line serves as a rough proxy for the rising importance of communities in the outer portions of the region. Continued decentralization has pushed a larger share of the region's growth to the outside of the cordon boundary. As population and jobs relocate, traffic volume rises.

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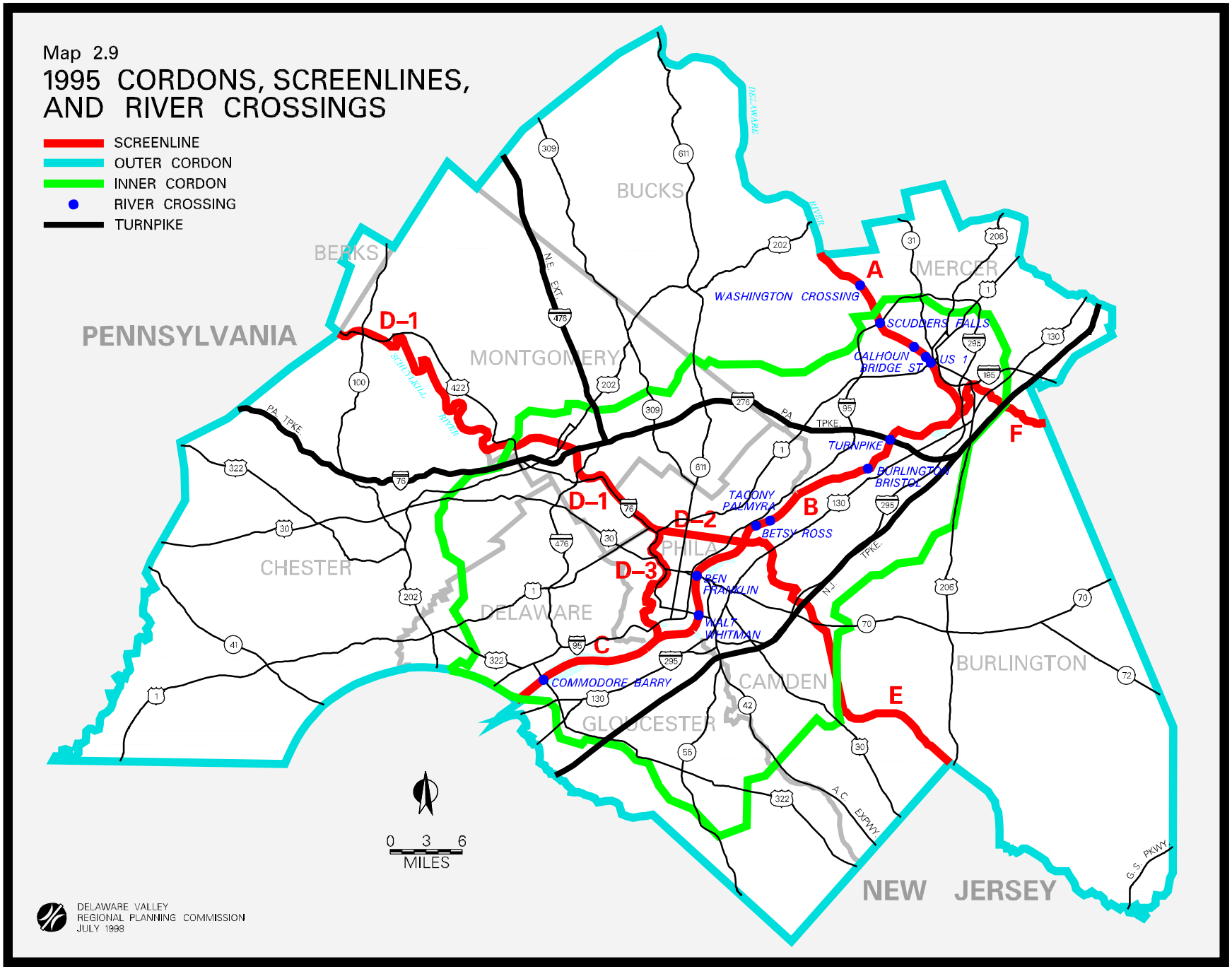
[34]DVRPC, Highway Traffic Trends in the Delaware Valley Region, 1960 - 1990 - 1995, (February 1997), 13.

Table 2.6

Comparison of Traffic Crossing the DVRPC Inner Cordon Line, 1960, 1990 and 1995

	1960	1990	1995	Average Annual Change	
				1960-95	1990-95
Bucks	44,882	215,944	269,164	4.8%	1.6%
Montgomery	99,026	429,230	510,873	4.6%	2.1%
Chester	30,319	219,940	226,546	5.9%	0.3%
Delaware	46,538	184,022	209,752	4.3%	2.0%
PA Total	**220,765**	**1,049,136**	**1,216,335**	**4.8%**	**1.6%**
Mercer	69,020	365,644	419,857	5.2%	1.9%
Burlington	59,864	263,441	324,825	4.5%	1.4%
Camden	20,735	137,129	150,920	5.7%	1.3%
Gloucester	40,493	202,782	225,964	5.0%	1.7%
NJ Total	**190,112**	**968,996**	**1,121,566**	**5.0%**	**1.7%**
Region Total	**410,877**	**2,018,132**	**2,337,901**	**4.9%**	**1.7%**

Source: DVRPC, *Highway Traffic Trends in the Delaware Valley Region, 1960 - 1990 - 1995*, (February 1997). 1960 and 1990 counts expressed as Average Annual Weekday Traffic; 1995 counts expressed as Annual Average Daily Traffic. Average annual change calculations exclude stations not counted in 1990.


Map 2.9
1995 CORDONS, SCREENLINES, AND RIVER CROSSINGS
SCREENLINE
OUTER CORDON
INNER CORDON
RIVER CROSSING
TURNPIKE
PENNSYLVANIA
NEW JERSEY
BUCKS
BERKS
MONTGOMERY
CHESTER
DELAWARE
PHILA
CAMDEN
GLOUCESTER
BURLINGTON
MERCER
D-1
D-1
D-2
D-3
A
B
C
E
F
WASHINGTON CROSSING
SCUDDERS FALLS
CALHOUN BRIDGE ST
US 1
TURNPIKE
BURLINGTON BRISTOL
TACONY PALMYRA
BETSY ROSS
BEN FRANKLIN
WALT WHITMAN
COMMODORE BARRY
PA TPKE
N.J. TPKE
N.E. EXT
A.C. EXPWY
G.S. PKWY
SCHUYLKILL RIVER
DELAWARE RIVER
0 3 6
MILES
DELAWARE VALLEY
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JULY 1998

Comparing changes in traffic volumes along "inner" and "outer" segments of the regional highway system provides another measure of how travel trends have responded to changing development patterns. Table 2.7 divides the group of screenlines used for traffic counting into "inner" and "outer" categories based on their proximity to the region's core, and presents annual average change for two different time periods. The data documents that as population and job growth have shifted out from the region's core, traffic has shifted with it. In both the 1990-95 and 1960-95 time periods, annual average growth of traffic volume on the "outer" screen lines has exceeded growth on the "inner" segments of the system. The relatively low annualized growth rates posted on the "inner" screen lines between 1990-95, (0.2 to 1.3 percent as compared with 2.2 to 8.1 percent for the "outer" screen lines) is yet another piece of evidence that traffic volumes and travel patterns are shifting away from the region's core.

Table 2.7

Average Annual Change in Traffic "Inner" and "Outer" Screenlines

Segment	Description	Annual Avg % Change 1960-1995	Annual Avg % Change 1990-1995
	"Outer"Screenlines:		
D-1	Upper Schuylkill	3.3%	2.2%
F	Crosswicks Creek	2.9%	8.1%
	"Inner"Screenlines:		
D-2	North Philadelphia	0.4%	0.2%
D-3	Lower Schuylkill	NA	1.3%
A/B/C	Delaware River	1.9%	0.9%

Source: DVRPC, *Highway Traffic Trends in the Delaware Valley Region, 1960 - 1990 - 1995*, (February 1997). Segment E is not included because it extends the Delaware River to the region's outer limit and therefore does not fall into either category.

CHAPTER THREE
THREE APPROACHES TO IDENTIFYING MUNICIPAL DISTRESS

The first two chapters of this report describe how many of the region's once-prosperous bedroom communities and older cities and boroughs have come under stress in the last quarter century. As new waves of development take root further and further from the region's core, many municipalities find themselves struggling to maintain population and jobs, much less increase local government services on a property tax base that is growing slowly, if at all. Competition from malls and big box retail outlets challenges downtown business districts, while once vibrant neighborhoods struggle with disinvestment and abandonment. Moreover, despite school finance reform initiatives in both Pennsylvania and New Jersey, school funding remains heavily dependent on local property tax revenues. While the details vary from place to place, it is clear that many of the region's first generation suburbs are experiencing a more difficult set of fiscal, economic and social challenges.

Which townships and boroughs in the Delaware Valley region are currently facing the greatest challenges? There are numerous definitions and interpretations of distressed municipalities. Both the Pennsylvania Department of Community and Economic Development and the New Jersey Department of Community Affairs, for example, have developed formulas to quantify the number of "distressed municipalities" for purposes of determining program eligibility and funding allocations. In addition, there has been a considerable amount of research in the 1990s in academic and policy circles on inner ring suburbs and distressed municipalities. This chapter presents three alternative approaches to identifying relative levels of community distress and reviews the pros and cons associated with each approach. The purpose of this comparison is not to build a case for one framework over the other two, but rather to illustrate some of the underlying issues that are part of the metropolitan debate.

Orfield's Z-Score

Myron Orfield is a nationally recognized expert on first generation suburbs, their problems and strategies for addressing municipal distress.[35] A lawyer by training, Orfield is a four-term member of the Minnesota House of Representatives who represents a district in southwest Minneapolis. In this capacity, he has been a tireless advocate for regional governance, land use reform, and other measures to promote fiscal equity in the Twin Cities region. Using basic mapping software, Orfield developed a series of maps to illustrate existing economic and demographic conditions at the municipal and school district levels. These maps helped Orfield bring together a number of city and suburban elected officials, community groups and religious leaders to build political support for regional reform. By illustrating the disparities between suburbs in the "favored sector" of the region

[35]Myron Orfield was the keynote speaker at DVRPC's Annual Board Retreat in December, 1997.

and other inner ring and older communities, the maps helped coalition members explore common ground and overcome traditional city-suburban animosities.

In 1997, Orfield completed *Metropolitics: A Regional Agenda for Community and Stability.* This volume, which was published jointly by the Lincoln Institute of Land Policy and the Brookings Institution Press, described the interrelationships between extreme poverty in central cities, decentralized development in previously rural and agricultural lands, and a growing number of socially and economically distressed suburbs caught in between. Although his own legislative experience was in the Twin Cities region, Orfield was well aware that fiscal disparities and declining older suburbs characterize metropolitan development across the country. As his efforts in the Minnesota state legislature grew more well known, Orfield was called upon to repeat his studies in other regions, including Philadelphia. Preparations for the Philadelphia area study were initiated in 1994 at the request of the Pennsylvania Environmental Council and the Center for Greater Philadelphia at the University of Pennsylvania, with financial support from the William Penn Foundation, the Energy Foundation and the Claneil Foundation. The final report of the Philadelphia project was released by the Pennsylvania Environmental Council in 1997.

Using a series of maps to illustrate social, economic and fiscal conditions in southeastern Pennsylvania,[36] Orfield warns of a "dangerous social and economic polarization occurring among the communities that make up the Philadelphia region." He explains:

> First, poverty has concentrated and is deepening in central city neighborhoods and older suburbs, particularly those on the Delaware River. This concentration destabilizes schools and neighborhoods, is associated with increases in crime, and results in the flight of middle-class families and business. Ironically, as social needs accelerate in Philadelphia and its older suburbs, the property tax base supporting local services erodes.
>
> Second, in a related pattern, growing middle-income communities, dominated by smaller, less expensive homes and apartments, develop without sufficient property tax base to support schools and other public services. These fiscally stressed communities become tomorrow's troubled suburbs.
>
> Third, upper-income residentially exclusive suburbs, centered around the King of Prussia growth area in Upper Merion and extending southwest along the Route 202 corridor, are

[36]Orfield's *Philadelphia Metropolitics* study uses a five county definition of the region consisting of Bucks, Chester, Delaware, Montgomery and Philadelphia counties in southeastern Pennsylvania. As a regional thinker, Orfield no doubt appreciates the importance of southern New Jersey to the Greater Philadelphia region. As a state legislator and political realist, however, he is also acutely aware that reforms requiring action by the state legislature have better chances for success in making inroads one state at a time.

capturing the largest share of regional infrastructure spending and economic growth. As the property tax base expands in the affluent suburbs, and their housing markets exclude, social needs proportionately decline. This favored sector, comprising one-third of the region's population, is becoming socially and politically isolated from regional responsibilities.[37]

Orfield divided the 238 southeastern Pennsylvania municipalities into four different categories: "Central City" (i.e., Philadelphia), "Affluent Suburbs," "Older Cities and Boroughs" and "Middle-Income Townships." The distinction between the latter two categories hinges solely on whether a municipality is legally defined as a township or a borough. Orfield distinguished between relatively affluent and non-affluent municipalities (i.e., the sum of "Older Cities and Boroughs" and "Middle-Income Townships"). He did this by developing a composite variable (also called a Z-score) that took into account four different factors (with source in parentheses):

(1) Tax base per household (Pennsylvania Department of Revenue, 1993);
(2) Female-headed households as a percent of all households with children (1990 Census);
(3) Percentage of children under five below poverty (1990 Census); and
(4) Median Income (1990 Census).

These four factors, weighted equally, were combined to create a composite Z-score. Municipalities receiving a positive score were put in the "affluent suburb" category, while municipalities receiving a negative score were designated as either "middle-income township" or "older city or borough," according to their legal status.

Map 3.1 shows the nine county Delaware Valley region using Orfield's categories and Z-score variables. This map incorporates Orfield's results for southeastern Pennsylvania as presented in *Philadelphia Metropolitics*. DVRPC collected corresponding data and applied the same methodology to Burlington, Camden, Gloucester and Mercer counties in New Jersey.[38] Table 3.1 summarizes the municipalities by state using Orfield's categories.

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[37]Myron Orfield, *Philadelphia Metropolitics: A Regional Agenda for Community and Stability*, A Report to the Pennsylvania Environmental Council, (March 1997), 1.

[38]All data except for the tax base figures is from the 1990 US Census. Tax base per household estimates are based on data from state sources. Orfield used 1993 data from the Pennsylvania Department of Revenue and DVRPC used 1996 figures from the New Jersey Department of the Treasury, Division of Taxation. Because these two data sources are not directly comparable, they cannot be combined to form a single, regionwide series. As a result, DVRPC made two separate Z-score calculations for the four New Jersey counties and the five southeastern Pennsylvania counties.

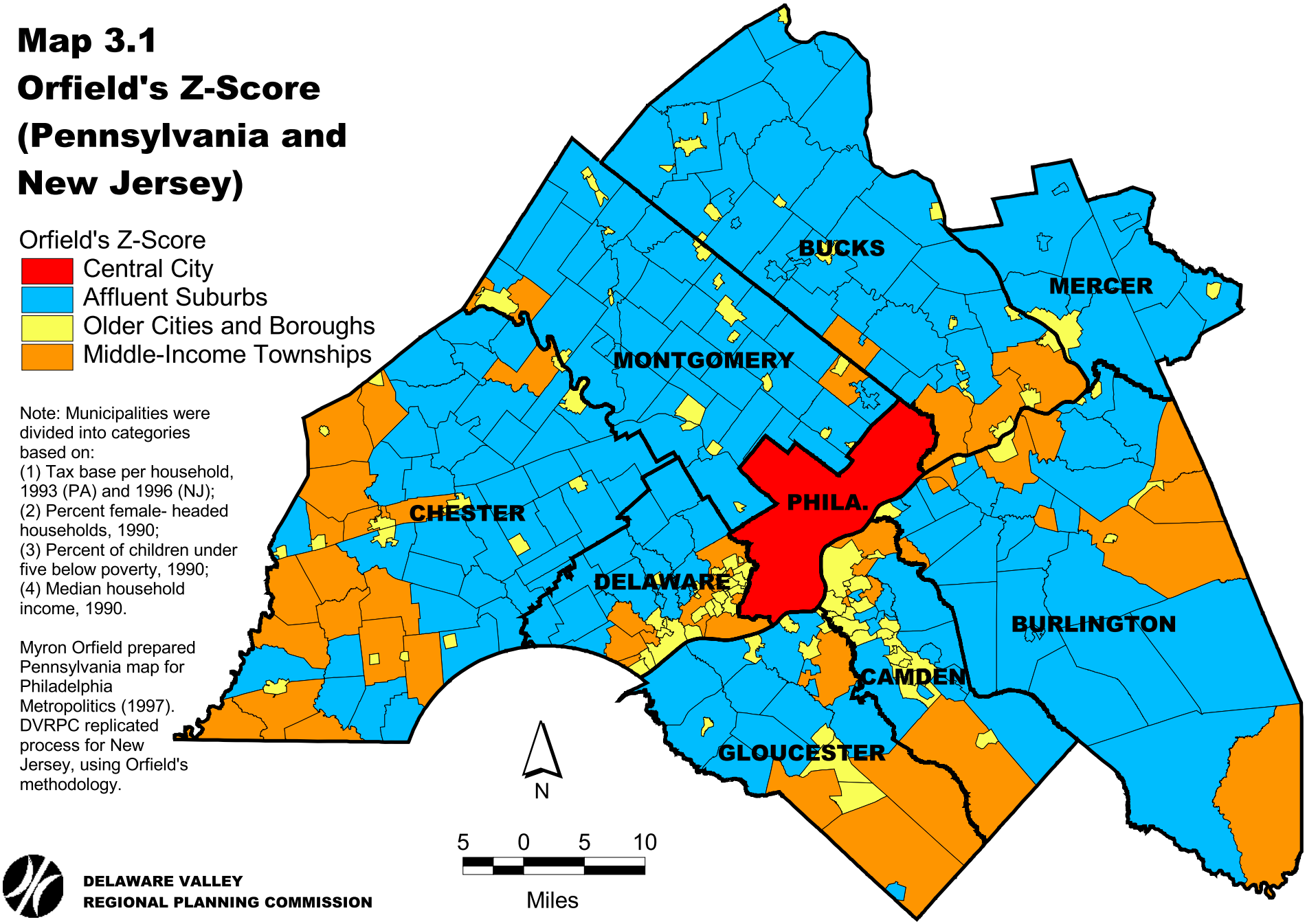
Table 3.1
Distribution of Delaware Valley Municipalities Using Orfield's Framework

	Pennsylvania	New Jersey	Total
Central City	1	0	1
Affluent Suburbs	129	59	188
Older Cities and Boroughs	77	38	115
Middle-Income Townships	31	17	48
Total	238	114	352

Taken together, the Older Cities and Boroughs and Middle Income Townships represent the region's "non-affluent" municipalities. The geography of these municipalities suggests several different sub-categories. First, "inner ring" municipalities are located in close proximity to Philadelphia, with the heaviest concentrations in eastern Delaware County, lower Bucks County and northern Camden County. The relative affluence of eastern Montgomery County, (including the older "Main Line" suburbs it shares with Delaware County), "interrupts" the continuity of the inner ring. Instead of a ring around Philadelphia, these close-in suburbs may be better described as Delaware River communities stretching from Marcus Hook and the City of Chester in Delaware County through the Camden-Philadelphia area north through Burlington and Bucks counties to the City of Trenton. One explanation of their relative lack of affluence might be that these communities gained economic clout through their proximity to the Delaware River and declined when their relationship to the river ceased to be an advantage, as shipping and manufacturing gave way to a more service-oriented economy.

But there are other "non-affluent" municipalities that are neither in the inner ring nor along the Delaware River. A number of relatively small, older cities and boroughs are located in the Pennsylvania portion of the region. Some of these are situated along other river corridors, such as Conshohocken, Norristown, Phoenixville and Pottstown on the Schuylkill River. For the most part, these cities took form in the 1800s with industrial-based economies. Substantial steel processing was established in Phoenixville; food processing, textiles, furniture and metal fabricating in Pottstown; and machinery manufacturing in Lansdale. Others boroughs such as Doylestown, Schwenksville and

Map 3.1
Orfield's Z-Score (Pennsylvania and New Jersey)



Note: Municipalities were divided into categories based on:
(1) Tax base per household, 1993 (PA) and 1996 (NJ);
(2) Percent female- headed households, 1990;
(3) Percent of children under five below poverty, 1990;
(4) Median household income, 1990.

Myron Orfield prepared Pennsylvania map for Philadelphia Metropolitics (1997). DVRPC replicated process for New Jersey, using Orfield's methodology.

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West Chester served as summer vacation places for nearby city-dwellers in addition to their industrial and agricultural heritages.[39] While specific causes vary from case to case, these municipalities are generally worse off today as measured in terms of Orfield's income, tax base and social indicators.

The third category of relatively less affluent townships appears in the outer portions of the region, especially in western and southern Chester County, southern Gloucester and Camden counties, and portions of Burlington County. For the most part, these are rural communities with agricultural-based economies. It is likely that many of them scored as less affluent in Orfield's framework due to their relatively lower tax base per household and median household income statistics as compared with their more developed, suburban counterparts. It is interesting to note that although eastern Delaware County bears little resemblance to western Chester County (or northern Camden County to southern Gloucester County, for that matter), both are categorized as predominantly non-affluent on Map 3.1.

Orfield's methodology has several strengths and weaknesses. On the one hand, it is appealing in that it uses Census and tax data to quantify relative levels of municipal well-being without becoming overly complex. His Z-score combines four common sense variables that are easy to understand: median household income, percent female-headed households, percent of children in poverty and tax base per household. The resulting composite variable is more robust than any one of its components. This makes Orfield's methodology less vulnerable to unusual variations in the data that may be caused by outside factors or one-time occurrences in an otherwise healthy community (e.g., a natural disaster or a corporate merger).

Probably the single biggest weakness of Orfield's approach is that it relies heavily on data from the decennial Census. Three of his four Z-score variables (excepting tax base per household) are based on 1990 Census results. These numbers are relatively out of date at this point in the Census taking cycle, particularly for rapidly growing (or declining) municipalities. Results from the Year 2000 Census will probably not be available at the municipal level until at least 2002. In addition to the issue of timeliness, Orfield's Z-score is not well suited to measuring how conditions within a region are changing over time because it does not lend itself to frequent updates.

School District Z-Score

While Orfield's Z-score is based on municipal-level data, his metropolitan studies also are concerned with conditions in local schools. School data can often provide early warning signs of municipal distress. As Orfield notes, "deepening poverty and other socioeconomic changes show up in schools

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[39]Joseph Oberman and Stephen Kozakowski, *History of Development in the Delaware Valley Region*, DVRPC Year 2000 Report Number One, (September 1976), 56.

before they do in neighborhoods, and in elementary schools before junior high and high schools."[40] Data from the schools are also relevant because school districts are, in fact, the most common form of regional government operating today. While most people think of schools as educational providers as opposed to governmental units, they function in many ways just like regional government. Except for districts that serve a single municipality, school districts governed by popularly elected school boards are funded with regionally levied taxes and provide services to constituents residing in multiple municipalities. Finally, school districts and school finance data are specifically relevant to discussions of local tax reform in that municipalities and school districts both rely heavily on the strength of the local property tax base. These considerations all suggest that data from the region's school districts may provide a unique view of local economic, fiscal and social conditions.

It is important to keep in mind that the purpose of this analysis is not to measure academic achievement or other educational outcomes, and it should not be used to draw conclusions about how well individual schools or school districts are performing. Instead, the goal is to identify areas of relative distress using population change and eligibility for free school lunch variables, mapping the results using school district limits instead of municipal boundaries.

School district boundaries are drawn at the state level in consultation with local governments (see Appendix A.2 for school district base map). Of Pennsylvania's 511 school districts, 62 are located in southeastern Pennsylvania. The School District of Philadelphia is by far the largest in the region with over 200,000 students enrolled in the 1996-97 school year. Philadelphia is over ten times the size of the next largest school districts in Pennsylvania (Central Bucks with 14,000 students) and New Jersey (Camden City with 19,000 students).

New Jersey has 603 school districts statewide, including more than 100 in Burlington, Camden, Gloucester and Mercer counties in the Delaware Valley region. The lack of uniform definitions of primary, middle and secondary grade level groups in the State of New Jersey complicates working with school district-level data. In Camden County alone, for example, there are eight different (and overlapping) categories of grade level groupings: K-12, K-9, K-8, K-6, 7-8, 7-12, 9-12 and 10-12. Some students may be in the same school district from grades K through 12 while others may change districts each time they graduate from primary to middle school and from middle to high school.

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[40]Myron Orfield, *Metropolitics: a Regional Agenda for Community and Stability*, Brookings Institute Press and Lincoln Institute of Land Policy, (1997), 39.

This means that a single municipality may be associated with up to three school districts, each associated with different students, teachers and data. For the purposes of this analysis, DVRPC used the school district boundaries and data associated with secondary school students.[41]

DVRPC experimented with a number of variables and alternative specifications to create a school district Z-score that would function similarly to Orfield's measure. Map 3.2 shows the results of an analysis that combines two variables: percent of students eligible for free lunch (1996) and population change (1990-96). The school lunch variable is a proxy for poverty conditions and is calculated annually by the Pennsylvania and New Jersey Departments of Education. Higher eligibility for the federal free school lunch program is associated with a greater rate of poverty and hence a higher level of distress. The population change variable is included as a more comprehensive measurement of local conditions where population growth represents positive or improving local conditions and population decline represents negative or worsening local conditions. School district population estimates for 1996 were constructed from the U.S. Census Bureau's municipal estimates.

Using this composite variable, Map 3.2 divides the region's districts into quartiles of relative distress. The most distressed districts appear in red and are designated as Quartile I. These include the big city school districts in Philadelphia, Camden, Trenton and Chester as well as districts in some of the region's older cities (Burlington and Gloucester cities in New Jersey) and boroughs (Norristown and Pottstown in Pennsylvania). Most of these districts would score negatively on both the population change and free school lunch portions of the Z-score variable.

Abbot v. Burke is a well-known New Jersey school finance equity case filed in 1981 on behalf of 28 urban school districts, including Burlington City, Camden, Gloucester City, Pemberton and Trenton, based on the inability of those districts to fund local schools on a par with more affluent districts in the state. The New Jersey Supreme Court issued several pro-equity rulings starting in 1990, and ended its oversight of the *Abbott* case in 1998. The fact that four of the five *Abbott* districts in the region registered in Quartile I suggests that the composite variable does a good job identifying relatively distressed districts, at least in New Jersey. Pemberton School District, one of only two non-urban districts involved in the *Abbott* case, scored in Quartile II.

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[41] Another technical issue about New Jersey data concerns the differences between two types of multi-jurisdictional school districts. *Consolidated* or *regional* districts draw from a relatively large geographic region with school boards made up of representatives from all constituent municipalities or elementary school districts. Constituent municipalities contribute financially based on per pupil tax ratabilities. Other districts enter into *sending-receiving* relationships, typically on the high school level, with sending municipalities paying a negotiated per pupil tuition fee. Sending jurisdictions do not automatically receive school board representation. Certain fiscal and demographic variables must be adjusted to reflect the difference between the two types of school districts. DVRPC made these adjustments on a variable-by-variable basis for all school district data used in this report.

The red Quartile I districts are generally surrounded by a ring of Quartile II (orange) and III (light blue) districts which together represent the mid-range values. These include numerous districts in eastern Delaware and Montgomery counties; lower Bucks County; and northern and western Burlington, Camden, and Gloucester counties that form a ring around Philadelphia. In addition, a second ring of Quartile II and III districts completely surrounds Trenton, extending into Mercer, Burlington and Bucks counties. An interrupted, but still discernible third ring of Quartile II and III districts is present in the outer reaches of the region in northern and western Chester, upper Montgomery and Bucks and southern Burlington, Camden, and Gloucester counties.

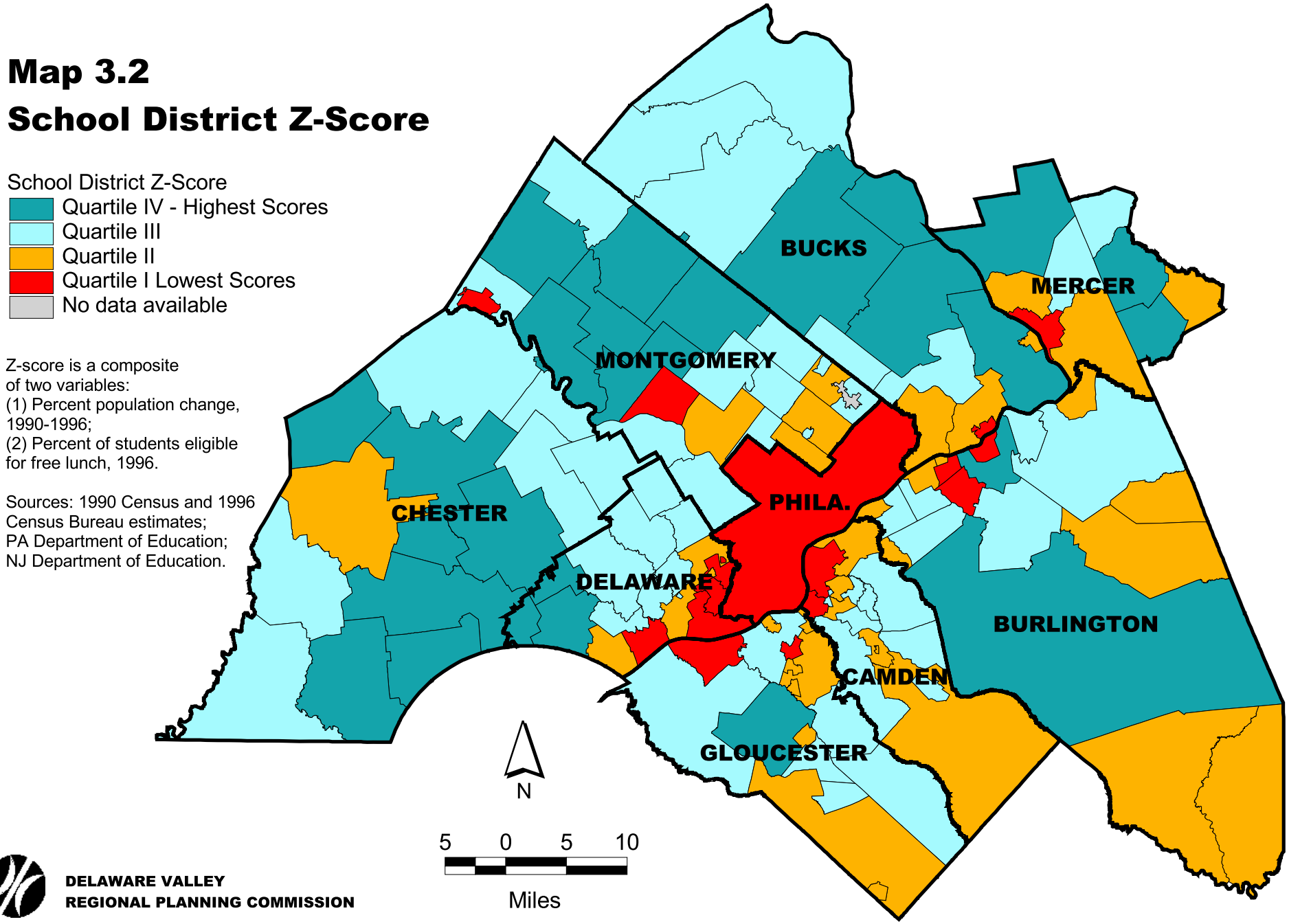
The Quartile IV districts appear in dark blue and register as the least distressed (in other words, the most robust) school districts based on population change and free lunch eligibility measures. These districts are clustered in western Delaware and southeastern Chester counties, with a band extending through central Montgomery, Bucks and Mercer counties. Burlington Township and two other large New Jersey school districts, Clearview Regional and Lenape Regional, also scored in Quartile IV.

This analysis highlights some of the same areas as Orfield's study, e.g., districts along both sides of the Delaware River tend to score relatively distressed, which is to be expected as both methods include variables to capture income and/or poverty conditions. However, the school district approach also factors in population change. As a result, a number of relatively older, built out suburbs in eastern Montgomery County and Mercer County which were categorized as "affluent suburbs" in the Orfield framework scored in the mid-range of values in the school district Z-score. These areas tend to have stable or slightly declining populations, scoring lower than rapidly growing communities in other parts of the region, typically in the next ring of development.

There are both pros and cons associated with the school district Z-score. On the one hand, this approach is based on variables that are updated more frequently than the U.S. Census. Both population estimates and free lunch eligibility data are for 1996, meaning that the results represent a more current assessment of local conditions. In addition, the focus on school districts and school age children offers a window on the future if, as Orfield says, schools in fact provide early warnings of distress. On the other hand, it can be argued that the school district Z-score focuses too much on portions of the population with school aged children and not enough on other groups such as the elderly.

Another criticism of the school district Z-score is that it does not include any measure of tax base or fiscal capacity to pay for local improvements. Although several school district fiscal measures were explored, each one introduced other kinds of distortions to the analysis that could not be overcome. The basic difficulty stems from the fact that school funding formulas differ substantially between Pennsylvania and New Jersey, each shaped by its own state courts and legislatures. As a result, it is very difficult to construct a single regional measure that is equally valid in both the Pennsylvania and New Jersey portions of the region.

Map 3.2
School District Z-Score



For example, the State of New Jersey is the public education leader among all states in terms of total education dollars per pupil, spending an average $8,902 versus $6,579 for Pennsylvania in the 1993-94 school year. Educational spending is also more heavily funded by state sources in New Jersey than in Pennsylvania, at least partially as a result of the *Abbott v. Burke* decisions. The net result of these state level differences is that measures like property taxes per pupil or tax base per household are difficult to compare at the local level between the Pennsylvania and New Jersey portions of the region. Each state uses different methods for assessing and measuring tax base, that are not directly comparable. Within southeastern Pennsylvania, the fact that the Philadelphia School District derives a significant share of its revenue from the Philadelphia Wage Tax further complicates the analysis. Adding a fiscal capacity measure that is valid for both Pennsylvania and New Jersey is a future refinement that would provide another dimension to the analysis of relative school district well being.

Municipal Dynamics Z-Score

A third approach to categorizing municipalities is to focus on municipal dynamics or rates of change. Both positive and negative rates of change can reinforce each other. For example, at one end of the spectrum, rapidly growing communities are often classified as favorable places to live since people tend to move to places on the rise. As population increases, higher demand for residential property can put upward pressure on home sales prices. Higher housing prices pushes median household income up as only the relatively affluent can afford the more expensive homes. Many rapidly growing communities also benefit from an expanding job base with the development of nearby suburban office parks, corporate campuses and shopping malls which contribute significantly to municipal business tax rolls. These upward trends all tend to reinforce each other.

At the other extreme, many first generation suburbs are undergoing rapid rates of decline. Orfield documents how the downward spiral can accelerate:

> It is important to note that in older metropolitan areas of the country, as poverty and social instability crossed city/suburban lines or began to grow in old towns and cities overrun by urban sprawl, it actually began to accelerate and intensify. Many older transitioning suburbs on the south side of Philadelphia and in communities such as Camden, New Jersey, Compton, California, and East St. Louis, Missouri suffer much more severe segregation, deprivation, and intense levels of crime than the cities they adjoin.[42]

The most troubled communities can fall victim to a cycle whereby declining population depresses housing prices and eventually leads to abandonment. Meanwhile, deteriorating social conditions make it harder to attract and retain business and residents leading to population and job losses.

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[42]Orfield, *Philadelphia Metropolitics*, 11.

Orfield offers several reasons why big cities may actually be better prepared to cope with poverty and distress than smaller boroughs and townships.[43] First, the region's major urban areas have comparatively larger and more stable resource bases. Big cities can draw upon key resources such as large downtown business districts, colleges and universities,[44] arts and cultural institutions and vibrant and viable middle and upper class residential neighborhoods. Most smaller townships and boroughs are not endowed with similar resources. In addition, the region's cities have already developed systems to help cope with poverty and urban distress. This network includes human services bureaucracies, large police forces, non-profit human service providers and community development corporations. Downtown revitalization strategies such as central Philadelphia's focus on tourism, the arts, conventions, and the hospitality trades are not realistic approaches for most of the Delaware Valley region's first generation suburbs. Finally, the region's big cities are further along in the "life cycle" of growth and decline than are the nearby suburbs. The region's core cities began shedding population and jobs in the 1960s and 1970s, and it is possible that they have already undergone the most rapid part of their transformation. It is likely that as conditions change, many suburban municipalities will initially post steep rates of decline before reaching a new equilibrium.

In order to identify rapidly changing areas of the region, DVRPC developed a "Municipal Dynamics Z-score." This composite variable is made up of three variables: population change (1990-96), jobs change (1990-1997) and tax base per household (1996). The tax base per household variable was added to the mix to provide a measure of municipal fiscal capacity. This parameter is relevant both for communities undergoing periods of rapid growth (i.e., by reflecting the ability of growing communities to finance new infrastructure costs) and rapid decline (i.e., by reflecting the ability of declining communities to pay for needed social services). In addition, the fiscal capacity measure helps differentiate between relatively healthy and constrained older cities and boroughs. Because these communities are not experiencing much population or job growth, the change variables alone do not tell the whole story.

For the population and job growth variables, a positive percent change was assumed to be correlated with improving conditions and a negative percent change was correlated with deteriorating conditions. Similarly, higher tax base per household is treated as an indicator of municipal well being. The results, mapped in quartiles, are shown in Map 3.3. Almost all of Chester and Gloucester counties are shaded in light and dark blue, indicating moderate to rapid positive growth rates of the key variables. Major portions of Bucks, Montgomery, Burlington and Camden counties also score in the favored two quartiles. As with both the school district Z-score and Orfield's analysis, a band of relatively distressed municipalities follow the Delaware River from the region's southern boundary up through Bucks and Mercer counties.

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[43]Orfield, *Philadelphia Metropolitics*, 12.

[44]In 1991, the University of Pennsylvania literally loaned the City of Philadelphia financial support by prepaying certain municipal tax obligations to help with the City's budget crisis.

There are some significant differences between Orfield's map and Map 3.3. Whereas Orfield's Z-score basically measures conditions in 1989 (as per the Census), DVRPC's municipal dynamics Z-score focuses on rates of change between 1989 and 1996/97. Both approaches include a tax base per household measure. Resulting differences in two clusters of municipalities are particularly noteworthy:

- ***Built-out, yet relatively affluent communities***. Eastern Montgomery County and parts of Mercer County score better with the Orfield Z-score than with the municipal dynamics Z-score. This reflects the fact that these communities are relatively built out and are therefore not experiencing rapid population or jobs growth. At the same time, they tend to have relatively high income and low poverty rates, all inputs to the Orfield Z-score.

- ***Rural and agricultural communities***. Western Chester and southern Gloucester counties both score better under the municipal dynamics Z-score than under the Orfield Z-score. In 1990, these townships and boroughs were generally rural, agricultural communities characterized by relatively lower median income and tax base per household values than their urban and suburban counterparts. These conditions were captured in the Orfield Z-score. However, since 1990, many of these same communities have experienced development pressure resulting in rapid population and/or job growth. (Even though other municipalities may have grown more on an absolute basis, these communities grew more on a percentage basis). These positive growth rates were reflected in the municipal dynamics Z-score.

As with the Orfield and school district methodologies, the municipal dynamics Z-score has strengths and weaknesses. Two of its selling points include the fact that it is easy to understand and uses the most up to date annual data to reflect current municipal conditions. It may also be a better indicator of changing trends, both in relatively affluent communities now seeing loss and in rural areas now beginning to see growth. On the other hand, the relationship between population and job growth variables is more complicated than a simple Z-score fully captures. Communities that are experiencing both residential and commercial/industrial (hence job) growth will tend to score the highest with this method. However, there is no reason that every municipality has to pursue growth in all categories to be fiscally sound and, at the same time, an attractive place to live. Some places will and should favor residential development while others have the natural or built infrastructure to support more job growth. Others may be fully built out and are experiencing slight declines, but are otherwise financially and socially stable. Communities with only population or jobs growth will tend to be placed in the middle two quartiles, which may understate their true position.

Conclusion

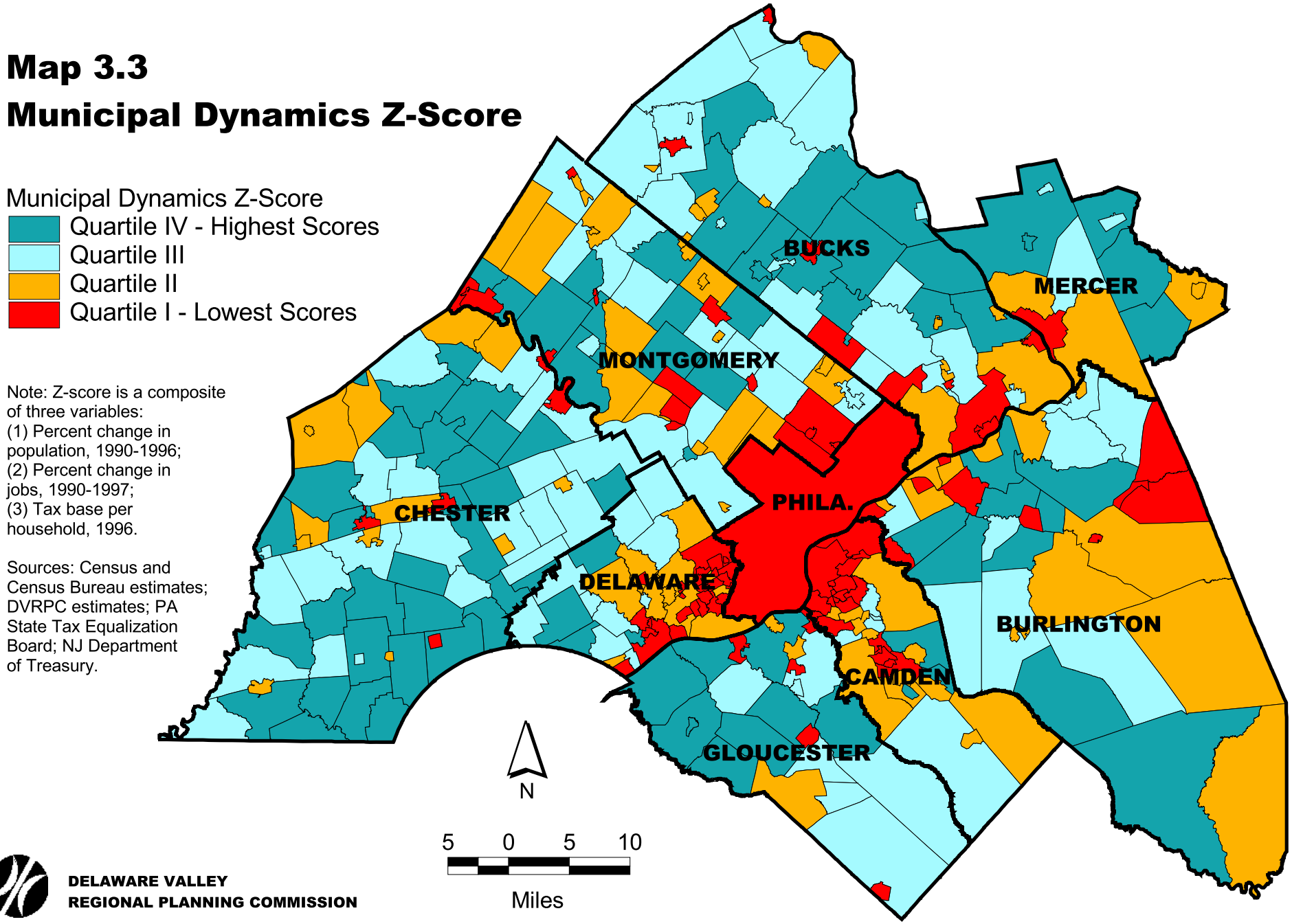
This chapter presented three different methods of evaluating local conditions in the Delaware Valley region -- Z-scores based on Orfield's case studies, school district conditions and municipal dynamics

-- each with its own strengths and weaknesses. While the Z-score maps presented in this chapter show zones of similarity within all three methodologies, there are areas of disagreement as well. The purpose of this chapter was not to identify the single best methodology, but instead to demonstrate that there are a variety of factors that can and should be taken into account when assessing local conditions. The exact choice of inputs should reflect what is most important to the analysis.

Perhaps the most important implication of the maps and data presented in this chapter is their demonstration that suburbs and school districts are not monolithic. Individual municipalities and school districts are experiencing measurable symptoms of distress. Beyond that, many of these distressed jurisdictions are clustered in specific areas, most notably the tier or tiers of municipalities that extend along the Delaware River from the region's southern boundary into Mercer County. Other places not sharing in the region's prosperity include many older boroughs and certain predominantly rural areas at the region's periphery.

Part Two of this report will consider a range of approaches that jurisdictions can pursue on both a local and regional basis to strengthen their economic and fiscal well being.

Map 3.3
Municipal Dynamics Z-Score



Note: Z-score is a composite of three variables:
(1) Percent change in population, 1990-1996;
(2) Percent change in jobs, 1990-1997;
(3) Tax base per household, 1996.

Sources: Census and Census Bureau estimates; DVRPC estimates; PA State Tax Equalization Board; NJ Department of Treasury.

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Part Two
Tax, Land Use and Local Revitalization Options

Part One of this report outlines the set of problems facing the region's first generation suburbs. The profiles and case studies contained in the first three chapters demonstrate that the challenges facing these communities cannot be fully captured by a single statistical measure. The core issues confronting today's first generation suburbs are multi-dimensional and likely to change over time. This has implications for townships and boroughs in other parts of the region in that communities that are experiencing growth pressures today may be grappling with the problems of slow-to-no growth tomorrow as the next wave of development moves further out from the region's core.

Part Two focuses on possible solutions to the fiscal, economic, social and transportation problems facing today's first generation suburbs. There is a wide and varied range of approaches that can be applied to these problems. This report makes no attempt to cover all possible policy responses nor go into great depth on any single strategy. Instead, the purpose of this section is to present a general framework that describes three fundamentally different, yet not mutually exclusive approaches to the issues.

Tax Base Sharing and Tax Reform Alternatives are discussed in Chapter Four. The idea behind this set of reforms is that fiscal disparities are the root cause of the problems that separate struggling first generation suburbs from their more affluent counterparts. Tax base sharing or other tax reform measures are proposed as a way of leveling the fiscal playing field.

DIRECTION 2020 and Regional Planning Approaches are the subject of Chapter Five. Local control over land use and development decisions has contributed to decentralized development patterns. Regional land use, infrastructure investment and transportation approaches are needed to address the causes and effects of sprawl.

Local Initiatives are covered in Chapter Six. There is a wide variety of steps that local governments can initiate to mitigate local problems. This chapter reports on a number of existing economic development, transportation and community partnership programs that could be replicated at the local level without requiring further intervention by state or regional entities.

These three chapters provide an overview of the individual strategies. The purpose is not to provide an exhaustive treatment, but rather to describe how each approach is relevant to the problems of

metropolitan decentralization and the implications for first generation suburbs. Each of these approaches merits more detailed analysis and treatment in subsequent reports. Finally, these approaches cannot fully address the problems presented if implemented alone. Individual communities and the Delaware Valley region as a whole would benefit most from an applied combination of these approaches.

CHAPTER FOUR
TAX BASE SHARING AND TAX REFORM ALTERNATIVES

Why This Approach?

Tax base sharing addresses the problems of first generation suburbs from a fiscal perspective. By definition, tax base sharing is a system that combines some portion of local tax bases into a regional or state-wide pool, and distributes the resulting revenues based on some criteria other than contributions to the pool.[45] While in theory this system could be applied to any kind of tax base from any region, it is most often discussed in terms of local property taxes from jurisdictions in a single state. Establishing a bi-state tax base sharing program from the Delaware Valley region would be more difficult in that it would require approval by two state legislatures. While bi-state reform is still a possibility, action in either Pennsylvania or New Jersey is more likely.

Municipalities depend heavily on property taxes as a source of revenue. In 1927, the property tax in the United States accounted for 97 percent of total local taxes and 69 percent of total local government revenue.[46] Although dependence on the property tax has declined over the years with the introduction of new types of local taxes and increases in state and federal revenue sharing, reliance has been growing since the mid-1980s when the availability of state and federal funds began to decline. Table 4.1 documents the importance of property taxes as a percent of all taxes and total general revenues. As of 1992, property taxes accounted for the greatest share of local taxes collected in each category, and more than half of all revenues received by townships.

Relying on the local property tax base to fund local services results in disparities in revenue generating ability. The American Planning Association (APA) offers this illustration in its *Growing Smart Legislative Guidebook*:

> Some local governments are winners and losers when government services are tied to a local tax base. If two local governments in a region have exactly the same population, but one has extensive commercial, office and industrial development and the other residential development with some commercial uses, the latter government will have to increase

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[45]Thomas Luce, "Regional tax base sharing: the Twin Cities experience," in Helen F. Ladd (ed.), *Local Government Tax and Land Use Policies in the United States: Understanding the Links*, Northampton, Maine: Lincoln Institute of Land Policy (1998), 235.

[46]Helen F. Ladd, "Introduction" in Helen F. Ladd (ed.), *Local Government Tax and Land Use Policies in the United States: Understanding the Links*, Northampton, Maine: Lincoln Institute of Land Policy (1998), 5-7.

property taxes to obtain the same amount of revenue as the former. The differences in the revenue-raising capacity of local governments in a region to support basic services is called "fiscal disparity."[47]

Table 4.1

Property Taxes by Level of Government, 1991-1992

	As a percent of all local taxes	As a percent of general revenues*
All Local Governments		
Counties	74.3%	27.0%
Municipalities**	52.6	23.1
Townships	93.0	56.9
School Districts	97.4	37.5
Special Districts	67.6	11.0
States	2.0	1.1

Source: US Department of Commerce, Bureau of the Census, Government Finances: 1991-92, Table 2, "Summary of Government Finances by Level and Type of Government" as reported in Ladd, 7.
*General revenues also include intergovernmental aid, other taxes and user charges and hence represents a broader source of funding.
**The U.S. Census Bureau divides minor civil divisions (MCD) into various categories including cities, boroughs, villages and townships. Municipalities includes categories of MCD other than townships.

There are virtually no checks or balances in this fiscal arrangement to ensure that the level of need at the local level bears any relationship to the overall availability of resources. Areas characterized by higher poverty and a greater incidence of social problems are likely to be the very same municipalities that suffer from stagnant or declining tax base. While the region's big cities and older industrial suburbs are most likely to be caught up in the conflict between rising demand for services

[47]American Planning Association (APA), *Growing Smart Legislative Guidebook* (Phase I - Interim Edition), 14-3.

and reduced revenue-generating ability, other communities are vulnerable as well. The APA report continues:

> This concentration and destabilization are exacerbated by increases in crime, and result in the exodus of middle-class families and businesses. As social service needs accelerate and the obligation to repair and replace infrastructure intensifies, the property tax base and other fiscal resources to support such services erode. In a related pattern, growing middle-income communities, dominated by smaller homes and apartments, develop without sufficient property tax base to support schools and other public services. These fiscally stressed communities will become tomorrow's declining inner-ring suburbs.[48]

The combination of reliance on property taxes to fund local services and local control over land use decisions creates strong incentives for municipalities to practice "fiscal zoning." In general terms, fiscal zoning means that local governments will tend to exclude any proposed development that might create a net financial burden on individual municipalities, and will encourage development that produces a net financial gain.[49] In practice, fiscal zoning usually takes the form of adopting zoning or other land use regulations that promote commercial, industrial and high-end, low-density residential development at the expense of multi-family and other higher density residential developments.

The end results are criticized on several grounds, including their effect on land use and development decision making.[50] Pressure to avoid real estate tax hikes creates strong incentives for municipalities to continually expand their tax base. Hunger for tax ratables can overcome other objectives, favoring overbuilding and sprawl over compact or environmentally sensitive development. The race for tax ratables can also result in competition between neighboring states, counties or municipalities for major employers. These intra-regional contests may result in a transfer of jobs and tax ratables within the region, but are usually a zero-sum game for the region as a whole. Finally, fiscal zoning practices which favor high-end residential development over moderate and low-income housing contribute to the lack of affordable housing within the Delaware Valley region.[51] In the extreme,

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[48]APA, 14-4.

[49]APA, 14-3.

[50]For a comprehensive review of current thinking about the inter-relationship between local land use and tax policies, see Helen F. Ladd (ed.), *Local Government Tax and Land Use Policies in the United States: Understanding the Links*, Northampton, Maine: Lincoln Institute of Land Policy (1998).

[51]For an assessment of affordability issues for owner-occupied and rental housing within the region, see DVRPC, *Homeownership - A Vanishing Dream* (1990) and DVRPC, *Solutions for Affordable Rental Housing in the Delaware Valley* (1994).

fiscal zoning results in homogeneous, high-priced neighborhoods that can be characterized as exclusionary on the basis of both income and race.

Recognizing the complex interrelationship between land use and tax policies, tax base sharing proponents seek to change the incentives in the system by reducing reliance on the local property tax base and creating a new source of revenues generated from a regional or statewide pool. For first generation suburbs currently struggling to get by on stagnant or, in some cases, shrinking local tax bases, tax base sharing offers new opportunities to provide needed local services. In this sense, tax base sharing attacks the problem of fiscal disparities at its root. Tax base sharing also promotes fiscal equity by creating a source of regional funds that can be used to address regional problems. For example, to the extent that concentration of poverty in the region's core cities is viewed as a regional as opposed to purely a local problem, regional tax base sharing offers a more equitable way of spreading the costs and addressing the problem.

Tax Base Sharing in the Twin Cities Region[52]

The most prominent example of tax base sharing in this country was passed by the Minnesota state legislature in 1971, and implemented in the Minneapolis-St. Paul region in 1975.[53] The major provision of the system is that each municipality in the seven-county Twin Cities area contributes 40 percent of the *growth* in the value of its commercial-industrial tax capacity since 1971 into a regional pool. The fact that this system is based on the growth of tax ratables over time rather than attempting to reallocate a large portion of the existing tax base helped its initial acceptance and has allowed it to grow in importance over time.

Municipalities receive a distribution of tax base from the pool based on population and fiscal capacity where fiscal capacity is defined as per capita real property valuation relative to the rest of the region. Under the distribution formula, a municipality with average fiscal capacity receives a share of the pool proportional to its share of the region's population. If its fiscal capacity (i.e., per capita market value) is lower than average, it receives more than its population share.

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[52]Description of the Twin Cities tax base sharing program draws from Luce, 238-240 and APA 14-6 - 14-7.

[53]The 1968 *Hackensack Meadowlands Development and Reclamation Act* preceded the Minnesota effort by several years and provides for local property tax sharing in the Hackensack Meadowlands Development District. New Jersey created this fourteen municipality district to ensure the coordination of regional land use planning and help attract private investment. Tax sharing was implemented to more equitably distribute the benefits and costs of development in the District and to prevent any one town from being treated unfairly by the district's master plan zoning. See Michael Bell, "Tax-Base Sharing Revisited: Issues and Options" in John E. Anderson (ed.) *Fiscal Equalization for State and Local Government Finance,* Praeger: Westport, CT (1994), 154.

Table 4.2 shows the growth of the tax base sharing program since its inception in 1975, as measured in terms of total dollars, dollars per capita, percent of business tax base and percent of total taxes. According to Thomas Luce of the University of Minnesota's Hubert H. Humphrey Institute of Public Affairs, "all four measures show steady growth from the beginning of the program to the early 1990s. By 1992, the pool represented nearly $300 million or $125 per capita in tax capacity. The size of the pool was roughly constant from 1991 to 1993 and declined significantly in subsequent years. A relatively mild recession in late 1990 and early 1991 halted the growth in the pool, while the subsequent declines were the combined result of decreases in the state-set rate structure for business property taxes and declining commercial-industrial property values in some areas."[54] Even given the ups and downs of economic cycles and the impact of changes in tax policy in the 1990s, using a formula that captured the growth of the region's tax base over time provided a robust source of funds for the regional pool.

Table 4.2

Growth of the Twin Cities Fiscal Disparities Program, 1975-95

	Pooled Tax Capacity		Percent of business tax base	Percent of total tax base
	$ (millions)	$ per capita		
1975	$19	$9	6%	2%
1980	$46	$21	11%	3%
1985	$179	$80	22%	8%
1989	$250	$107	26%	10%
1990	$265	$114	26%	12%
1991	$290	$125	28%	12%
1992	$292	$124	29%	14%
1993	$289	$121	29%	13%
1994	$277	$118	30%	13%
1995	$241	$103	26%	11%

Source: Baker et al (1991), Minnesota House of Representatives Research Department and Minnesota Department of Revenue as reported in Luce, 240

[54]Luce, 239.

The extent to which the pool has reduced fiscal disparities is a subject of some controversy. On the one hand, Myron Orfield estimates the Minnesota Fiscal Disparities System reduced tax-base disparities on a regional level from 50:1 to roughly 12:1.[55] As previously noted, Orfield has been an influential advocate of tax base sharing around the country and has been the point person behind several efforts to address issues of fiscal disparity in the Minnesota legislature in recent years.

Other researchers, including Luce, offer contrasting evidence regarding equity issues and the flow of funds in the Twin Cities region. Table 4.3 summarizes the distributions of funds from the regional pool to various categories of municipalities (as developed by the Twin Cities Metropolitan Council) in 1990 and 1995. A value of less than one implies an overall position of being a net contributor (i.e., more dollars were paid into the pool than were received from it). Conversely, a value of greater than one implies an overall position of being a net recipient (i.e, more dollars were received from the pool than were paid into it).

Luce contrasted the experiences of Minneapolis and St. Paul to illustrate the shortcomings of the distribution formula. "During much of the 1980s and up until 1994, Minneapolis was a net contributor, showing net contributions as high as $45 per capita," he notes. "Extensive redevelopment in the Minneapolis central business district was largely responsible for this. St. Paul, on the other hand, was consistently one of the largest net recipients in the system, receiving roughly $75 per capita in additional tax capacity per year from the system."[56] Similarly, the net contribution of "developed suburbs" (a rough approximation of the Twin Cities' first generation suburbs) *increased* between 1990 and 1995. Rural areas were net gainers under this system, consistent with the fact that distribution is determined by per capita property value and rural land is generally unimproved.

The status of developed suburbs as net contributors to the regional tax pool is surprising given the program's overall goals and Orfield's advocacy for tax base sharing in general. This outcome largely reflects the shortcomings of the distribution formula as it is currently specified in the Minnesota program. Luce concludes that "the primary weakness of the Twin Cities model for tax base sharing is that the basic structure of the program does not *guarantee* outcomes that correspond to commonly accepted notions of equity. Contributions are based solely on growth in business tax base and distributions are based entirely on total market value of property. The system makes no explicit allowances for public service needs or the possibility that business tax base growth might occur disproportionately in places with low tax capacities in other dimensions."[57] While it is possible that

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[55] *APA*, 14-6.

[56] Luce, 245.

[57] Luce, 249.

Table 4.3

Ratios of Fiscal Disparity Distributions to Fiscal Disparities Contributions

(number of municipalities per category)	1990	1995
Central City - Minneapolis (1)	0.69	1.22
Central City - St Paul (1)	2.27	2.51
Developed suburbs (23)	0.75	0.70
Developing suburbs (55)	0.91	0.82
Free-standing growth areas (11)	1.27	0.90
Rural (96)	3.80	2.26
Metropolitan area	1.00	1.00

Source: Minnesota House of Representatives Research Department, Minnesota Department of Revenue as reported in Luce, 244

conditions in the developed suburbs have improved vis-a-vis struggling rural or depressed urban areas, Luce's analysis suggests that the current distribution formula doesn't capture the legitimate needs of first generation suburbs.

Orfield attempted to address this issue as well as increase the overall size of the regional pool with new tax base sharing legislation. In 1995, the legislature passed *Fiscal Disparities II: The Metro Area Tax Cut Act*. Under this bill, metropolitan jurisdictions would share the growth on the increment of residential tax base on homes valued above $200,000. According to Orfield, "Short of total sharing, this proposal counterbalanced the inequities of the present fiscal disparities system, undermined fiscal zoning and greatly expanded the tax base sharing system."[58] The true impact of this measure remains unknown as it was vetoed by the Governor in 1995. While Orfield has been successful building a coalition of urban and inner ring suburban legislators, he has been stymied by the Governor's consistent opposition to his proposals.

[58] *Philadelphia Metropolitics*, 30.

Orfield's Scenarios for Southeastern Pennsylvania

In 1997, the Pennsylvania Environmental Council released *Philadelphia Metropolitics,* Orfield's study of fiscal disparities and related municipal conditions in southeastern Pennsylvania. As part of this report, Orfield developed two tax base sharing scenarios for the five-county southeastern Pennsylvania region. The first alternative explored the potential of a regional tax sharing formula targeting high-valued residential properties. Orfield calculated municipal contributions into a regional revenue pool that shared residential property taxes for housing valued at greater than $200,000. These funds would then be redistributed back to municipalities using a formula giving preference to those communities with a low per capita tax base. The results of this simulation showed that new tax base would be generated for municipalities in western Chester and western Montgomery counties, along the Delaware River in Bucks and Delaware counties, and in the City of Philadelphia. Altogether, 105 out of 238 communities in the five county region would receive an infusion of additional tax base. More important than the municipal count is Orfield's estimate that 39 legislative districts (representing about two-thirds of the region's population) would gain tax base versus 25 districts (with remaining one-third of the population) that would lose tax base.[59]

The second alternative required each municipality to contribute 15 percent of its tax base into a regional pool, to be redistributed based on a formula giving preference to those communities with a low per capita tax base. In order to ensure that a substantial percentage of the tax base pool would be distributed to other area communities, this scenario included provisions that effectively capped Philadelphia's share of the pool at $5 billion. The results of this alternative were similar to the high-value residential scenario. Orfield estimated that new tax base would be created in 87 communities, including the City of Philadelphia, communities in Bucks and Delaware counties along the Delaware River, and in many older cities, boroughs and townships throughout the region. Under this scenario, 38 legislative districts (representing 62 percent of the region) would gain tax base while 26 districts (with 38 percent of the region's population) would lose tax base.[60]

These two scenarios were intended to launch the discussion on regional tax base sharing in the Greater Philadelphia region. Infinite variations on the tax base sharing concept are possible, including some alternatives which could be fine-tuned to address specific regional priorities. The remainder of this chapter discusses two such variations as they relate to the goals of reducing the Philadelphia wage tax and addressing school finance equity issues.

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[59] *Philadelphia Metropolitics*, 31.

[60] *Philadelphia Metropolitics*, 31.

Linking Tax Base Sharing and the Philadelphia Wage Tax

Although it is not discussed anywhere in Orfield's report, tax base sharing is well established in this region and has been since the 1930s in the form of the Philadelphia wage tax on commuters. The Sterling Act of 1932 authorized the City of Philadelphia to levy a tax on earned income. This tax was first collected in 1939 at the rate of a 1.5% levy. The tax rate was increased on numerous occasions over the years including nineteen times between 1976 and 1991. Peak rates of 4.96% for residents and 4.3125% for non-residents who worked in the city were in effect between 1983 and 1995. The Rendell Administration has turned the corner on taxes, reducing rates on commuters and residents alike for four consecutive years with four more rounds of cuts slated ahead. Rates as of 1998 stand at 4.79% for residents and 4.16% for commuters.

The Philadelphia wage tax currently generates 53% of the city's tax revenues (or approximately $900 million), representing over one-third of the city's $2.5 billion operating budget.[61] Not only does the wage tax account for a substantial portion of the city's budget, it also represents a major form of regional tax base sharing. A 1987 analysis of the Philadelphia wage tax prepared by the University of Pennsylvania's Center for Greater Philadelphia estimated that residents contributed two-thirds and non-residents contributed one-third of all wage tax revenues.[62] Applying a more conservative estimate to current wage tax estimates suggests that non-residents are contributing $250 to $300 million to the city budget -- which is more than the total size of the Twin Cities Fiscal Disparities pool in 1995.

There are compelling reasons in both the city and the suburbs to reduce Philadelphia's dependence on the wage tax. From the city's perspective, the wage tax represents the single largest obstacle to economic competitiveness. Households and firms making decisions about where to locate in the Delaware Valley region cannot help but be influenced by the impact of the wage tax. Robert Inman of the University of Pennsylvania documented a strong relationship between wage tax increases and significant job losses in the City. He concluded that an increase of one percentage point in the City wage tax (from its 1980s peak of 4.96% to 5.96%) could well result in as much as a 10 percent loss of the city's job base.[63]

As noted in the Center for Greater Philadelphia's 1987 *Report of the Wage Tax Committee*, suburban criticisms of the wage tax are numerous:

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[61]Tom Infield, "City can't lose wage tax, Rendell says," *Philadelphia Inquirer*, September 21, 1997.

[62]Center for Greater Philadelphia, *Report of the Wage Tax Committee* (Philadelphia: University of Pennsylvania, 1987), 2.

[63]Robert Inman in *Report of the Wage Tax Committee*, 5.

> First, the rate is considered too high in an absolute sense, given the level of City services consumed by commuters. Second, the rate is considered too high in a relative sense. Suburbanites believe that the differential between residents and non-residents, currently 0.6475, is too small and that residents should be paying substantially more than non-residents. Third, the total cost of taxes paid by non-residents is considered too high because non-residents must pay the wage tax as well as all other local taxes which support services in their communities. Fourth, although collectively non-residents pay taxes totaling more than a quarter billion dollars to the City, they have no say in how those monies are spent, and many view City government as badly mismanaged and inefficient. Finally, suburban governments resent the fact that Philadelphia is not subject to the same one percent limitation that they are in taxing non-residents. This limits the ability of suburban municipalities and school districts to generate significant revenue from an earned income tax and forces them to rely more on nuisance and property taxes for revenue.[64]

While more than a decade has passed since these observations were made, there has been relatively little progress on the core issues. Tax rates for both city residents and commuters have come down, but the differential is virtually unchanged. Despite high approval ratings for the Rendell Administration in general, suburban residents and their elected officials still resent the Philadelphia wage tax.

Orfield's regional tax base sharing scenarios describe funding formulas and distribution mechanisms. They do not, however, describe how recipient local governments are required to spend monies received from the regional pool. Given the widespread agreement in both the city and the suburbs about the need to further reduce the Philadelphia wage tax, one tax base sharing alternative would be to require that Philadelphia use some (or all) of its proceeds to lower the Philadelphia wage tax on residents and commuters. The magnitude of the cuts would depend on the size of the pool, but assuming a growing regional base, the wage tax rate could be reduced incrementally over time to some agreed upon floor.

As Orfield's scenarios show, Philadelphia would not be the only recipient of funds under regional tax base sharing. Other net recipients would include many first generation suburbs along the Delaware River and older townships and boroughs. Because these municipalities are most likely to experience fiscal pressures due to over-reliance on local property tax revenues, it probably makes more sense to allow them to use their share of the regional pool to diversify their revenue base, rather than require specific tax cuts or otherwise constrain local spending decisions.

There are several advantages to the "bid down the Philadelphia wage tax" alternative. First, this approach directly addresses a known regional priority by tackling the wage tax issue head on.

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[64] *Report of the Wage Tax Committee*, 3.

Meaningful reductions in the wage tax will substantially improve the city's and the region's economic competitiveness as well as address the legitimate concerns of suburban commuters who must shoulder the burden of both the city wage tax and rising local property taxes. These elements can only strengthen the case for tax base sharing. Moreover, linking tax base sharing to a popular cause -- namely, reducing the Philadelphia wage tax -- would increase political support for what is sure to be a controversial measure. Finally, specifying how funds would be used would also increase accountability. This would make it easier for proponents of the measure to demonstrate that tax base sharing is not a tax hike in disguise.

Linking Property Tax Reform and School Finance Initiatives

Over reliance on local property taxes as a source of school funding has long been under attack on both equity and efficiency grounds. The American Planning Association reviewed current literature as part of its *Smart Growth* project and concluded "studies of school financing repeatedly point to dramatic differences in the property tax base (one of the most dependent predictors of community wealth) as the single most important contributor to the disparity in the amount of money spent per child on education in a community. The disparities being created by land based local funding lie at the heart of the community."[65] While the debate over the relationship between spending per pupil and educational outcomes is controversial and contentious, there is little doubt that the present system creates significant disparities in the ability of individual school districts to fund local schools.

The property tax is also criticized because, unlike wage taxes which rise or fall with variations in earned income, property taxes do not adjust in response to changes in taxpayer ability to pay. For example, persons on fixed income often have difficulty keeping up with rising property tax bills. In the case of school funding, this system tends to pit the needs of the very young (i.e., school age children) against those of older citizens (many of whom are on fixed incomes) for whom schools are a lower priority. On this score, both sales and income taxes are more responsive to changes in an individual's ability to pay than are real estate taxes.

There is a growing consensus nationwide that the property tax is a seriously flawed source of school funding. Several states have taken action to implement school finance reform measures, some of them dramatic. In 1993, for example, Michigan abolished the property tax for schools, ultimately replacing it with higher cigarette, sales and real estate transfer taxes. Other states including Idaho, Minnesota, Rhode Island, South Carolina and Wisconsin have been exploring reducing -- or even eliminating -- local property taxes as a school revenue source.[66]

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[65]APA, 14-29 (parentheses in original).

[66]APA, 14-31.

There has also been considerable activity within the Delaware Valley region, particularly in New Jersey. This state's efforts have largely been centered around the *Abbott v. Burke* lawsuit filed on behalf of 28 urban school districts in 1981. A series of court decisions prompted action by the state legislature which took steps to equalize per pupil funding in the 28 *Abbott* districts vis-a-vis the rest of the state. Satisfied with these measures, the New Jersey Supreme Court ended its oversight role in May, 1998. Ironically, special protection for the 28 *Abbott* districts exclude many school districts that serve the region's first generation suburbs. Caught between the haves (relatively affluent districts) and the have-nots (*Abbott* districts), many school districts in first generation suburbs are among the worst funded and most property tax-reliant school districts in the state.

Governor Christine Whitman's Property Tax Commission, created in 1997, produced a final report with 60 recommendations, targeted to county, school and municipal officials to help them ease the burden of property taxes on New Jersey residents. The recommendations call for New Jersey to implement a host of regulatory and statutory changes to encourage sharing of services and, where appropriate, consolidating or regionalizing units of local government. The Commission also recommended that the State educate local officials on the true costs and benefits of development, and they encouraged new legislation to enable municipalities to enact "timed growth" ordinances and impact fees for infrastructure expansion related to the burdens of new development.[67]

Court strategies have also been pursued in Pennsylvania, albeit with different results. In July 1998, a Pennsylvania Commonwealth Court judge rejected a suit filed in 1991 by a group known as the Pennsylvania Association of Rural and Small Schools (PARSS) which sought to equalize spending among school districts and reduce reliance on local property taxes to fund education. Four months earlier the Commonwealth Court rejected a similar bid by the Philadelphia School District to revamp state aid to city schools. While appeals are possible and other court challenges are pending, these decisions will probably mean that Pennsylvania reformers will have to put more emphasis on working with the state legislature.[68]

While the results in the courts have been mixed, anxiety about property taxes among taxpayers remains high. An unprecedented 75 percent of those polled in a recent Greater Philadelphia First survey said they would support an increase in state taxes to fund schools if it would lower property taxes.[69] By linking property tax reductions to school finance reform initiatives that would shift responsibility for educational funding to the state level, it would be possible to address education equity issues while simultaneously providing meaningful property tax relief. Although local

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[67]Final Report of the New Jersey Property Tax Commission, Executive Summary, 1997.

[68]James M. O'Neill, "Setback for state aid to poor schools," *Philadelphia Inquirer*, July 10, 1998, A1.

[69]Greater Philadelphia First, "The Region: What's Getting Better, What's Getting Worse," in *1998 GPF Poll* (1998).

government services would remain funded out of the property tax, the overall burden on the local tax base would be substantially reduced as school-based property taxes are replaced with some other source of revenue raised at the state level.

Delaware County Councilman Wallace Nunn has been a leading advocate of this kind of tax reform, and has also argued for shifting other responsibilities such as courts and prisons from the local to the state level of government. He made the case for radical tax reform as it relates to both inner ring and school district issues in 1995:

> Unfortunately for the residents of inner ring suburbs, the news is equally as grim. The loss of population and commerce that has afflicted Philadelphia has also ravaged these areas and left behind an increasingly older and less affluent population who are less able to bear the financial burden of a government that looks to a declining real estate base as a source of revenue. [...]Now is the time for radical and revolutionary actions. We have no real choice but to scrap the current system in favor of a fair and simple method of funding critical government programs -- specifically, public education, courts and prisons. This can and should be done only through the state income tax. Unlike property taxes, the state income tax is a broad based levy that deals with the ability to pay issue head-on. Replacing the real estate tax with the personal income tax and shifting responsibility for education, courts and prisons from local to state governments will dramatically improve the fairness of the tax structure and promote greater economic stability throughout the region.[70]

One of the major advantages of linking statewide education finance formulas and local property tax reform issues is political in nature. Unlike the Philadelphia wage tax debate, education reform has a natural statewide constituency that can be mobilized to lobby the legislature and the Governor's Office. At the same time, one of the major disadvantages of linking statewide education finance formulas and local property tax reform issues is also political in nature. As the longstanding suits in both Pennsylvania and New Jersey state courts attests, school finance reform defies easy or quick resolution. Many first generation suburbs may not have the luxury of time required to see this battle through to the end.

Conclusion: Overcoming Political Obstacles

State and local tax reform can help resolve many of the fiscal and economic challenges facing first generation suburbs. Viable alternatives include any number of tax base sharing schemes, measures

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[70]Wallace Nunn, "A Radical Proposal for State Tax Reform," in *Greater Philadelphia Investment Portfolio*, Center for Greater Philadelphia (1995).

to reduce the Philadelphia wage tax and strategies to reduce school district reliance on local property tax coffers.[71]

The politics of tax reform, however, are difficult. As one analyst commented, "The Minnesota Fiscal Disparities Act of 1971 created the only metropolitan-wide tax base sharing system in the United States. More than 20 years later, it is still the only system of its kind."[72] While a sound and persuasive case can be made, tax base sharing cannot be sold as a win-win proposition. Some jurisdictions are net gainers while others will inevitably contribute more than they receive. Moreover, because tax reform typically requires action at the state level, regional solutions must be crafted in such a form that they can be sold to statewide audiences. There are opportunities in both Pennsylvania and New Jersey to create coalitions that join multiple metropolitan areas to lobby for state enabling legislation.

Opportunities for tax reform are further complicated by the fact that voters and elected officials are typically extremely cautious about anything that might be construed as a tax hike. As a result, proponents of tax reform must communicate clearly regarding complicated tax issues. Reformers also need to provide an extremely high level of accountability regarding how dollars in the regional pool are distributed and, most likely, how they will be used by recipient governments. Some analysts have suggested that one way to increase accountability is to link the distribution of funds from regional pools to concrete objectives and to measure performance toward those objectives through an urban audit.[73] For example, the allocation formula could include numerical criteria rewarding specific municipal behavior (e.g., percent reduction in property taxes or numbers of acres of open space preserved). Incorporating an urban audit into a tax base sharing program would both increase accountability and create meaningful financial incentives.

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[71]Tax base sharing is not the only relevant fiscal strategy. Other approaches being pursued elsewhere in the country include regional assets districts (Pittsburgh), special purpose regional sales taxes (earmarked for Bay Area Rapid Transit in San Francisco Bay Area) and state incentives for regional strategic planning (Virginia).

[72]Luce, 234.

[73]Joseph Gyourko and Anita Summers of the Wharton Real Estate Center at the University of Pennsylvania have been developing the urban audit concept and creating models of what an audit might look like as part Wharton's *New Urban Strategy* project.

CHAPTER FIVE
DIRECTION 2020 AND REGIONAL PLANNING APPROACHES

Why This Approach?

The continuing pattern of metropolitan development in the post-World War II era is one of decentralization and sprawl. The dominant trend in this period has been a steady stream of population and job losses from the region's core cities. In the fifties and sixties, nearby first generation suburbs tended to gain at the expense of the cities. In more recent years, these same suburbs have themselves been losing population and jobs to growing communities benefitting from the next wave of development. These communities tend to be located further from the urban core in the next ring of the region. At the same time, agricultural land and open space have come under pressure as 174,000 acres of the region were developed between 1970 and 1990.

While decentralization is the product of many factors, the fact that land use and zoning decisions are made at the local level ensures that this trend will continue. Similarly, infrastructure investment practices have a major influence on the location of future development, yet decisions are made with little regard for the implications for regional growth patterns. Finally, transportation systems in suburban jurisdictions are often less efficient and, in many cases, less viable because of a lack of regional coordination. This chapter explores how regional approaches to land use, infrastructure investment and transportation services can improve conditions in first generation suburbs. DVRPC's approach to these issues is best embodied by the DIRECTION 2020 Long Range Plan.

The DIRECTION 2020 Policy Framework

DIRECTION 2020 is DVRPC's long range land use and transportation plan for the year 2020. It is based on a "centers and corridors" approach to promote investment and growth in and around established communities or centers, and to link those centers with the existing infrastructure. The Plan was adopted by the DVRPC Board in 1995 and includes *Moving People and Goods: The Transportation Plan, Guiding Regional Growth: The Land Use Plan, The Policy Agenda* and 25 other Year 2020 publications.

By linking transportation and land use planning, the 2020 Plan encourages new development in specified growth centers while supporting preservation of open space, farmland and other environmentally sensitive areas. The plan presents a detailed physical plan for future development and transportation facilities in conjunction with goals, policies and recommended actions in eight specific issue areas as presented in Table 5.1. Many of the goals and policies that emerged from this long range planning process are directly relevant to the challenges facing first generation suburbs.

Table 5.1 - DVRPC DIRECTION 2020 Goals and Policies

Physical Form: *Encourage land use patterns that enhance community character, provide for a mix of residential, commercial, employment and recreational opportunities; and link these activities with transportation facilities.*

- Concentrate development within existing and emerging centers and corridors
- Maintain rural character of portions of the region
- Provide sufficient public open and recreational space
- Upgrade or expand public services and infrastructure in appropriate growth areas

Traffic Congestion: *Ease traffic congestion through the reduction of single occupant vehicles by better integrating automobile, public transit, bicycle and pedestrian facilities; encouraging changes in commuters' travel habits; and improving the efficiency of existing transportation services.*

- Provide more non-auto options for commuters
- Use transportation demand management techniques for corridor and system planning
- Optimize efficiency of existing transportation systems

Environment: *Assure a clean and sustainable environment for existing and future residents of the region, and integrate environmental protection objectives in all planning activities.*

- Encourage the use of safe and efficient waste management and reduction programs
- Protect, maintain and improve quality and supply of water
- Protect and preserve critical natural resources
- Use energy efficiently

Air Quality: *Improve the region's air quality by reducing the number of single occupant vehicles, promoting alternative travel modes and encouraging other measures which will limit emissions from mobile sources.*

- Facilitate regional compliance with the Clean Air Act Amendments of 1990
- Encourage the use of alternative transportation modes
- Encourage the use of transportation control measures throughout the region

Economic Development: *Ensure a diverse and competitive regional economy by supporting the retention of existing business and by encouraging new enterprises that create employment opportunities in close proximity to the labor force.*

- Expand the regional market for both labor and goods
- Preserve and promote historical and cultural resources
- Preserve and promote agricultural land and activities

Freight Movement: *Promote cooperation among freight movement interests and development of an intermodal freight movement plan with improvements to air, highway, port and rail systems.*

- Increase the level of public and private investment in regional freight movement activities
- Create opportunities for new and expanded businesses which utilize freight services
- Create efficient intermodal freight facilities throughout the region

Mobility: *Improve access to and efficiency of the region's transportation network, and ensure the safety and security of the system's users.*

- Promote coordination and integration of all transportation systems
- Provide system accessibility for all population segments
- Ensure safety and security of highway and transit users

Housing: Develop an adequate supply of quality housing affordable to all income groups in the region, located in accordance with regional land use and transportation goals.

- Develop an ample supply of all housing types
- Improve and maintain quality of housing stock
- Provide a variety of housing affordable to all income groups

DIRECTION 2020 establishes four different types of development centers: *Regional, County, Growth* and *Revitalized. Guiding Regional Growth*, the land use element of DVRPC's DIRECTION 2020 plan, describes the specific standards and guidelines for each type of center which can be briefly defined as follows:[74]

> ***Regional Center:*** Existing centers that serve a regional population with a stable concentration of people, employment and services.
>
> ***County Center:*** Existing centers of importance within the county that provide a stable concentration of housing, jobs and services.
>
> ***Growth Center:*** Emerging centers forecast for growth, which will see an increasing concentration of people, employment and services.
>
> ***Revitalized Center:*** Existing regional or county centers in need of directed action to reverse the decline in population or employment.

DVRPC identified 96 development centers in the region. Although no single category captures all of the first generation suburbs, many qualify as revitalized centers. These include Warminster, Bristol Borough and Morrisville in Bucks County; Coatesville and Phoenixville in Chester County, Darby Borough and the "Industrial Waterfront" in Delaware County; Hatboro, Pottstown/West Pottsgrove, Norristown and Lansdale in Montgomery County; Burlington City and the Route 130 Industrial Corridor in Burlington County; Gloucester City in Camden County; and Paulsboro and National Park in Gloucester County.

The 96 development centers are the foundation for the 2020 Plan. According to the adopted land use element, "Growth and stability within the centers is the first priority toward creating active, vibrant mixed-use communities with a range of housing, employment and transportation options. ...Revitalized centers face the greatest challenge to stem the flow of residents and jobs from their communities and rebuild their neighborhood and employment base through selective infill, redevelopment and new development."[75] In this sense, many of the regional policies designed to meet DIRECTION 2020 goals and objectives are the same actions needed to address the challenges facing the region's first generation suburbs.

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[74]DVRPC, *Guiding Regional Growth,* Report #23 (July 1995), pages 23-26.

[75]*Guiding Regional Growth*, 29.

Regional Growth Boundary

Potentially, one of the most powerful tools to influence land use and development decisions on a regional scale is the growth boundary. The basic idea behind growth boundaries is simple: check continued decentralization by channeling development to areas best suited to accommodate it, taking into consideration issues such as infrastructure availability and land use patterns. Revitalized centers and other first generation suburbs typically have adequate infrastructure capacity to accommodate growth in the form of infill development. Their geographic proximity to the urban core and prevailing land use patterns mean that in most cases they appear inside the growth boundary.

The adopted Land Use element of the 2020 Plan defines a *regional growth boundary* for the Delaware Valley region. Map 5.1 presents the DIRECTION 2020 Land Use Plan which delineates both 1990 developed areas (in orange) and future growth areas (in yellow). The importance of these two areas and the resulting regional growth boundary is explained in *Guiding Regional Growth*:[76]

> The designated future growth areas, together with the identified centers, represent the proposed *regional growth boundary* where the most intense future suburban development will be encouraged. Additional infrastructure investments should be used to support growth in the centers and within these areas. New and infill development should seek to fit within the context of the area, clustering residential development to preserve open space where appropriate or providing a link between commercial uses, services and residential areas.
>
> The *regional growth boundary* is meant to foster the majority of the region's growth in those areas where infrastructure and services can be provided in an efficient and timely manner. The land within the growth boundary is or will be served by public water and sewer systems, highway capacity and transit services. New development can easily utilize this available capacity, or expand the systems as needed to provide additional capacity concurrent with the new development.
>
> The regional growth boundary builds on the existing strengths of the region, with sufficient land to accommodate the regional and county growth forecasted through the year 2020, while reducing development pressures on existing rural and farming communities. The potential future growth areas identified on the 2020 land use map are more than enough to meet the development needs in each county through the year 2020, but in a more compact and efficient manner.

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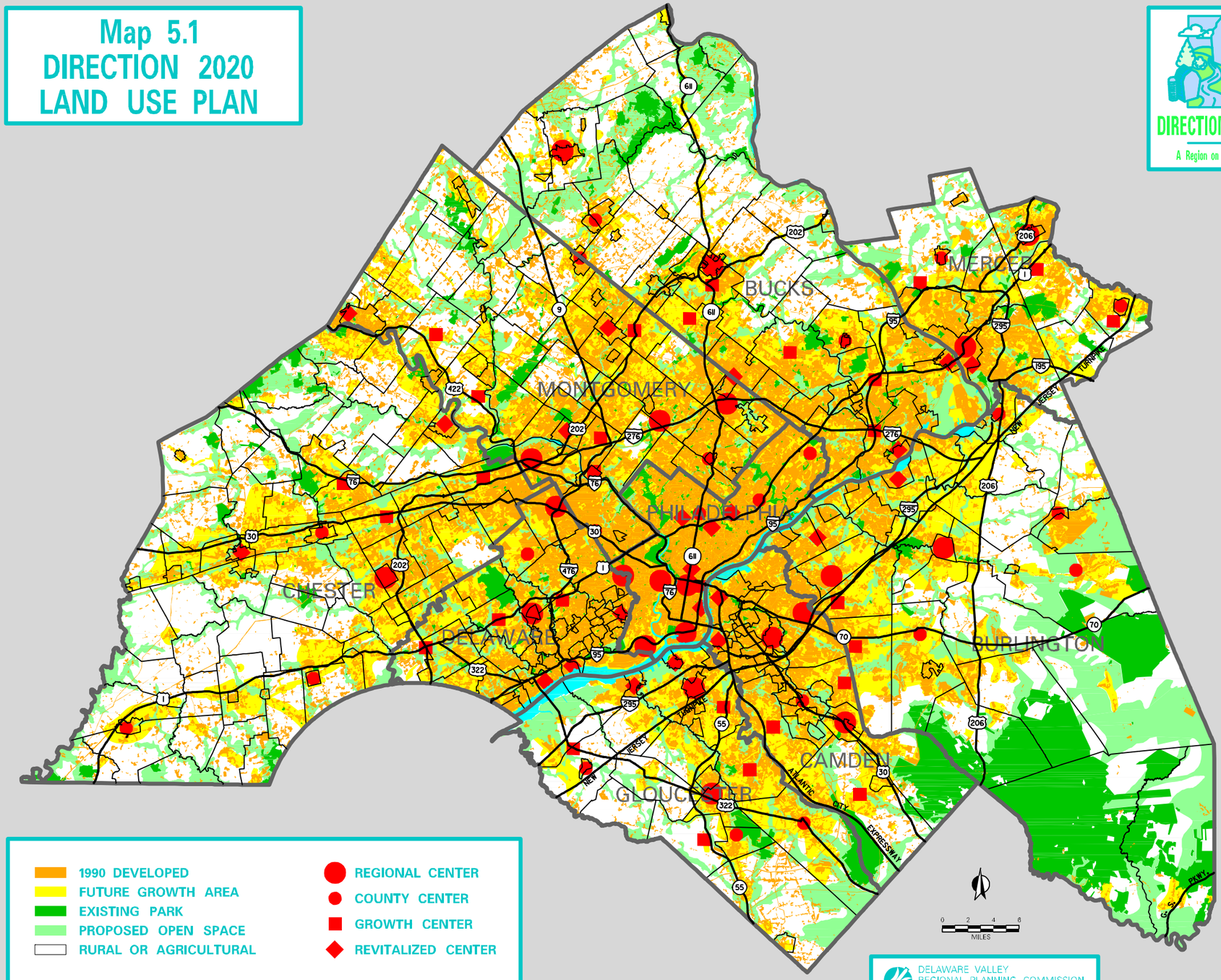
[76] *Guiding Regional Growth*, 29-30.

Map 5.1
DIRECTION 2020
LAND USE PLAN

DIRECTION 2020
A Region on the Rise



- 1990 DEVELOPED
- FUTURE GROWTH AREA
- EXISTING PARK
- PROPOSED OPEN SPACE
- RURAL OR AGRICULTURAL

- REGIONAL CENTER
- COUNTY CENTER
- GROWTH CENTER
- REVITALIZED CENTER

DELAWARE VALLEY
REGIONAL PLANNING COMMISSION
JANUARY 1998

If used as a guide to land use development decisions, the regional growth boundary has the potential to curb sprawl and channel a portion of residential and job growth back to revitalized centers and other first generation suburbs. Oregon's experience with growth boundaries is instructive. Twenty years ago, the state legislature passed a law requiring Oregon counties to establish urban growth boundaries. Lands beyond the boundaries were zoned as agricultural lands and forests. According to David Rusk, the former mayor of Albuquerque and the author of *Cities Without Suburbs*, the results are measurable. Rusk found that even the poorest district in downtown Portland benefited from higher property values that have doubled in the past five years.[77] The Portland area's urbanized population grew by 14 percent in the 1980s, while developed land expanded by just 11 percent. Contrast this with the Delaware Valley, where our net population grew by just 1% between 1970-1990 while developed land expanded by over 30%.

Power over land use and zoning decisions is vested at the local level in both Pennsylvania and New Jersey. Unlike in Oregon, local government officials in the Delaware Valley region are not required to zone according to the recommended regional growth boundary. While reform at the state level would have the most impact, it is still possible to use the regional growth boundary as a tool to educate and influence decision makers at the local level.

Infrastructure Investment Policy

Directed infrastructure investment policies are another type of regional planning approach that can be applied to the problems of first generation suburbs. The basic idea behind this approach is to influence growth patterns within the region by making strategic decisions about where to build roads and highways, lay water and sewer lines, and expand utility capacity. Although first generation suburbs generally have sufficient if not excess infrastructure capacity, many communities are now struggling to maintain aging systems. Policies that direct infrastructure investment to already developed areas can help address these maintenance issues. Moreover, by limiting the expansion of the region's capital investment into undeveloped portions of the region, strategic investment can reduce sprawl by creating economic incentives to channel growth to areas within the regional growth boundary.

In order to preserve open space and farmlands and promote more compact development patterns, DIRECTION 2020 encourages growth in identified centers and corridors and discourages new development outside of identified growth areas. New Jersey's State Development and Redevelopment Plan also advocates concentrating development within designated centers, in part through the use of directed infrastructure investment as a development and redevelopment tool.[78]

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[77]Susan B. Garland and Peter Galuszka, "The 'Burbs Fight Back," *Business Week* (June 20, 1997).

[78]New Jersey State Planning Commission, *Communities of Place, New Jersey State Development and Redevelopment Plan: Reexamination Report and Preliminary Plan* (June 25, 1997).

Although there is no formal statewide planning process in Pennsylvania, *The 21st Century Environment Commission* was formed July 1, 1997 by Executive Order from Governor Thomas Ridge. The Commission was charged with the task of defining the environmental priorities for the Commonwealth as it enters the next century. Many of the recommendations contained in the Commission's September 1998 report focus on strategies to encourage responsible land use, in part by "addressing the interrelationship between land use decisions and infrastructure."[79]

In 1995, DVRPC completed a report called *Reinvesting in Cities: Transportation Improvements in Urban Areas.* The purpose of this report was to consider urban infrastructure investment and its impact on urban redevelopment. While special attention was given to the region's core cities, the theory behind the proposed reinvestment policies also applies to redevelopment in the region's first generation suburbs.

One of the most important recommendations coming out of the report concerns the need to revise the regional transportation improvement program (TIP) project selection process to give higher priority to proposed projects that encourage growth in identified centers and growth areas. More specifically, "projects which positively impact 'revitalized' or 'regional' centers and/or corridors accessing these centers should be assigned higher ratings than projects impacting areas outside of identified growth areas. Negative ratings should be assigned to proposed projects that violate the goals and intent and fail to advance the objectives of adopted state and regional land use plans, including DVRPC's DIRECTION 2020 and New Jersey's *State Development and Redevelopment Plan.*"[80] As the federally designated metropolitan planning organization, DVRPC and its member governments have substantial control over the TIP programming process project selection criteria. (The issue of whether such a consistency test should apply to county plans was not included in the report.)

While recognizing that further study and inter-governmental coordination of significant new legislative or policy initiatives would be required prior to implementation, *Reinvesting in Cities* included the following additional key recommendations:

- Both Pennsylvania and New Jersey should work toward coordinating transportation, water and sewer infrastructure investment decisions made at all levels (including state, county, regional and local agencies and authorities), and integrating them with adopted land use and environmental goals and objectives. To this end, DVRPC now reviews PENNVEST loan applications for water, sewer and storm water projects in southeastern Pennsylvania for consistency with the regional

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[79]The Pennsylvania 21st Century Environment Commission, *Report of the Pennsylvania 21st Century Environment Commission* (September 1998).

[80]DVRPC, *Reinvesting in Cities: Transportation Improvements in Urban Areas*, DIRECTION 2020 Report 27, (November, 1995), 2.

land use plan. DVRPC also reviews projects in New Jersey through the Tri-County Water Quality Management Board.

- Pennsylvania and New Jersey should adopt infrastructure "concurrency" legislation, similar to that enacted in Florida, in order to encourage development in areas with existing available infrastructure and to limit low-density development in suburban and rural areas. Concurrency would prohibit municipalities from granting approval to new developments, if the proposed developments resulted in a decrease in the level of service of various infrastructure systems. Infrastructure systems would be expanded based on an adopted schedule consistent with the long-range goals of the region.

- As an alternative to concurrency, the states could enact legislation allowing counties and municipalities to adopt and implement adequate public facilities ordinances, such as those in Maryland, which would limit development in areas where public infrastructure systems are inadequate to meet the needs of prospective residents and employees.

- Quality urban in-fill development should be encouraged and supported as a complement to concurrency, adequate public facilities ordinances or defined urban growth boundaries.

- Urban area housing and development agencies should actively support developers interested in undertaking urban in-fill projects. Local jurisdictions should examine their existing statutes and ordinances and remove impediments to in-fill developments.

- The directed infrastructure investment policies outlined in *Reinvesting in Cities* would clearly support revitalization of first generation suburbs. Although DVRPC plays an important role in TIP programming, neither the Commission nor any other regional agency in the Delaware Valley region has direct control over infrastructure spending decisions. While regional governance is still a rarity,[81] several other U.S. regions have taken steps to create stronger regional control over infrastructure planning and decision making. These include UNIGOV in Indianapolis, Portland's Metro, and a retooled Metropolitan Council in St. Paul-Minneapolis. Myron Orfield helped pass the Metropolitan Reorganization Act in 1994 which transformed the Metropolitan Council from a planning agency into a regional government that oversees sewers, transit, land use and the

[81]Former Mayor of Philadelphia Richardson Dilworth testified before Congress on the need for regional government in 1959, arguing for a single chief executive with jurisdiction over both the city and the suburbs. "We cannot continue to set up one class against another," he said. "That is being done today with the cities against the suburbs. We have to work out some program for the proper allocation of our industry. ...[T]his hodgepodge of government creates conflicts, creates an enormous manner of additional problems, and leads to the inefficient, terrible tax burdens and makes it difficult to have any proper development in the area to meet the problems of democracy." As reported in Bissinger, 209.

airport. The agency has a $600 million budget and supervises another $300 million each year.[82] The Metropolitan Council's statutory authority, budget and technical capacity provide it with the necessary tools to follow through with a directed infrastructure investment program.

Community Transit

Community transit is a term for a set of transportation strategies designed to better serve new transportation patterns, including the increasing number of suburb-to-suburb trips. The fundamental goal behind this approach is to adopt policies and practices that combine suburban riderships in order to support the viability of suburban services. The regional transit network was developed at a time when prevailing travel patterns revolved around a densely developed urban hub. Radial train and bus routes developed over time to connect the hub with suburban destinations in all counties. Suburb-to-suburb travel was less important in the 1960s and 1970s than it is today.

Prevailing lower density development patterns outside of the urban core present a fundamental challenge to the region's transit agencies. Transit requires relatively high density settlement patterns at route origins and destinations in order to achieve a reasonable farebox recovery ratio. As a rule, suburban residential neighborhoods, commercial centers and office parks were designed with automobiles, not buses, in mind and do not support sufficient ridership to be sustainable over the long run. Although SEPTA and NJ Transit are focusing on new strategies to serve suburban populations, such as shifting to smaller vehicles with lower operational costs, budget constraints mean that new services will be implemented incrementally.

But SEPTA, NJ Transit and PATCO are not the only sources of transit in the region. Substantial federal, state and local resources are allocated each year to serve the needs of special populations. Individual appropriations arising from different pieces of federal and state legislation have, over time, created a number of parallel transportation systems that operate, for the most part, independently of each other. Populations covered include:

- senior citizens
- welfare recipients
- Medicaid recipients
- disabled persons
- Head Start enrollees
- school children

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[82]Frank Jossi, "Whiz Kid: A Profile of Minnesota's Myron Orfield," *Planning* (February 1997), 19.

The level of resources at stake is significant. A 1997 analysis by the New Jersey Departments of Transportation and Human Services itemized selected transportation expenditures for key programs, including Medicaid ($70 million), welfare ($9 million -- slated to increase to $18 million in the following year), county paratransit ($38 million) and education ($500 million, including $247 million in state aid).[83] Operating separate systems for specialized populations is clearly not the most efficient way to run a transit system.

A number of New Jersey counties are focusing on better transportation coordination as part of their involvement in the state's County Transportation Coordination Planning Process. The project began as a collaborative effort by the New Jersey Department of Transportation, New Jersey Department of Human Services and NJ Transit (with the support of other agencies) to improve welfare-to-work initiatives by reducing transportation barriers preventing public assistance recipients from entering the workforce. However, it quickly became apparent that traditional transit solutions were not well suited to serve the growing number of suburb-to-suburb trips. As a result, counties began working on ways to make more efficient use of existing transportation resources through community transit-based strategies.

The "transportation broker model" is one approach that is being used to create a more coordinated transportation system. Transportation brokers, also known as mobility managers, typically handle administrative functions such as transportation eligibility determination, registration, scheduling, dispatching, contracting with transportation providers, accounting, billing and record keeping.[84] Cumberland County was an early innovator in this area and is in the process of hiring a mobility manager to integrate and possibly expand county based transportation services. Demonstration projects are also underway or in the planning stages in Gloucester, Monmouth, Essex and Hudson counties.

In the Delaware Valley Region, this role has been increasingly performed by transportation management associations, private-non-profit corporations established through partnerships between the public and private sectors to provide, broker and advocate for new transportation services for their membership. In addition, DVRPC has established the Mobility Alternatives Program (MAP) to promote and support (through information and funding) greater use of public transit and shared-ride services by employers and employees who work in southeastern Pennsylvania.

Early experience with community transit in New Jersey suggests that local control and turf issues present the biggest obstacle to implementation. Many program administrators would rather maintain total control over a smaller system that operates below capacity than share control with a county or

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[83]Presentation on "Transportation Coordination" by Duke Storen, Policy Analyst, Department of Human Services, at the 1997 TransAction Conference (April 17, 1997).

[84]Michael Steib, "Transportation Coordination Resource Guide," (July 1997), 4.

community mobility manager. Funding restrictions and other eligibility or administrative requirements have not proven to be major obstacles to blending riderships and funding streams. Support from state agencies with jurisdiction over transportation program elements is a necessary prerequisite, but leadership on the local level has proven to be the most critical ingredient to the success of community transit initiatives.

The transportation needs of first generation suburbs are largely the product of the mismatch between yesterday's transit and highway infrastructure and today's travel patterns. Community transit initiatives are not a substitute for adequate investment in maintenance and, where appropriate, upgrading of suburban roads and highways, nor do they alleviate the obligation of the region's major transit agencies to serve legitimate suburb-to-suburb markets. However, by combining riderships and taking other steps to make special needs transportation systems more efficient, community transit approaches create opportunities to better meet the mobility needs of first generation suburbs.

CHAPTER SIX
LOCAL REVITALIZATION INITIATIVES

Why This Approach?

As regional policy makers advocate structural remedies like tax base sharing and regional planners work to improve land use and development patterns, individual communities may ultimately have the most important role to play in addressing the challenges facing first generation suburbs. While many economic and social problems are regional in scope, other challenges are unique to specific municipalities or neighborhoods and thus require local initiatives. Changes at the local level are often more politically or logistically feasible, as well as more immediate in their effects. These revitalization initiatives can offer ways to improve local fiscal and living conditions while contributing to efforts for regional improvement.

Local strategies that take advantage of communities' indigenous assets while linking them to larger regional economic, transportation and information networks can serve as cost-effective and sustainable ways to revive local economies 'from within.' John McKnight and John Kretzman, the principal proponents of 'asset-based community building,' argue that "individual skills, institutional resources, and associational strengths are the most effective building blocks for regenerating older urban neighborhoods."[85] Developing this local capacity and pursuing the opportunities it presents can be one key to effective and appropriate community revitalization. Through inter-municipal collaboration that builds upon these individual initiatives, first generation suburbs can form the kinds of broad-based coalitions necessary for the realization of larger regional and structural goals.

As outlined in the first part of this report, there are many challenges to the quality of life and economic vitality of first generation suburbs. It logically follows that a variety of remedies must be sought to address them at the local level. Economic development, transportation improvements, land use planning, community organization in neighborhoods and schools and enhancements to recreational and cultural facilities can all contribute to these efforts. Collaboration between municipal, state and regional agencies, political representatives, foundations and institutions, neighbors' associations and other stakeholders is critical for the success of any of these initiatives.

Procuring sufficient funding and necessary technical aid is another essential ingredient for effective local revitalization. A broad range of government agencies and private foundations provide funding and technical support to municipalities and community groups confronting problems related to

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[85]For a summary of asset-based community building principles and techniques, see: www.nwu.edu/urban-affairs/programs/abcd.html (visited on 6/28/98).

economic decline and social distress. A list of state resources most relevant to communities in this region is presented in Appendix B. County resources are also available, including local planning, technical assistance, economic development and community development programs and funds. These resources, together with the selected local strategies outlined below, may serve as a guide for municipal and civic leaders seeking to develop strategies to address their most pressing local needs.

The bulk of this final chapter takes the form of a series of case studies illustrating local projects supporting reinvestment in the Delaware Valley's first generation suburbs and core cities. The case studies and their locations are summarized in Table 6.1. The case studies focus on economic development strategies, transportation improvements and civic-oriented remedies to local challenges. These case studies offer just a sample of the many possible approaches to addressing economic and social problems in older suburban municipalities. Localized remedies should logically be tailored to local needs and opportunities, and the keys to their success lie in taking creative advantage of available resources and collaborating with appropriate partners. While the particulars differ from case to case, these examples are all similar in that they represent steps that local governments and community members can initiate on their own without waiting for outside intervention. They offer concrete examples of how local governments and citizens are making positive changes in the Delaware Valley's older urban and suburban communities.

Table 6.1

Selected Local, County and Regional Revitalization Initiatives

Initiative	Location
Main Street Revitalization	**Merchantville Borough, Camden County**
Adaptive Reuse Redevelopment	**Eddystone Borough, Delaware County**
Transit-Oriented Development	**Cross County Corridor, Montgomery County**
Local Transportation Enhancements	**Newton Creek Area, Camden County**
Livable Communities Neighborhood and Housing Market Revival	**Regionwide**
Reclaiming Urban Vacant Land	**New Kensington and Philadelphia Green**
Institutional Resources and County Partnerships	**Regionwide**
Coalition Building	**Regionwide**

Source: DVRPC, 1998

Main Street Revitalization: Merchantville's Commercial Renaissance[86]

The Borough of Merchantville, in Camden County, has a compact central business district (CBD) within walkable distance from much of the town's residential core. However, with the development of the nearby Cherry Hill Mall in 1961 and the construction of highways bypassing Merchantville, the town has struggled to support its older commercial establishments. Business retention and growth are formidable challenges for a CBD with limitations on parking, accessibility by automobiles, and space for new development. Several commercial and civic organizations in Merchantville are addressing these problems by developing "Main Street" strategies that can be pursued at the local level. Through revitalization initiatives aimed at stimulating civic participation, historic preservation and enhanced commercial amenities, businesspeople and citizens are working to revive their town center.

Main Street strategies employ a range of physical and organizational initiatives to promote commerce and community, including:

- Streetscape enhancements such as sidewalk repaving, installation of historic replica lamp posts and benches, decorative banners and flags, seasonal landscaping and street decorations, and storefront improvements such as awnings and window display redesign;

- Festivals and service events such as garden and harvest celebrations in the Spring and Fall, mural painting and park and playground maintenance and more traditional Christmas, Hanukkah, and Kwanzaa holiday shopping events; and

- Business district organizations that coordinate reinvestment and economic growth.

In Merchantville, organizations and programs such as the Merchantville Task Force, Merchantville Business and Professional Association, Main Street Merchantville 2001 and the Economic Restructuring Committee are guiding reinvestment in the town's traditional commercial center. Local civic and business leaders are more aggressively marketing their CBD, recruiting new enterprises, monitoring the local real estate market and distributing "merchant handbooks" detailing local ordinances and opportunities for commercial investment and enhancement (e.g., summertime permits for outdoor seating at restaurants). Improvements to the streetscape include new banners, historic plaques and renovated facades. The Merchantville business and civic groups maintain internet sites to improve communication between residents and to attract outside consumers and

[86]For information on Merchantville's Main Street revitalization, see: www.merchantvillenj.com (visited 2/26/98).

businesses to the community. Local leadership, organizational capacity and volunteer commitment are essential keys to the viability of these initiatives.

Main Street revitalization is one of the most prevalent reinvestment strategies for American towns, large and small. The recent success of neotraditional planned communities with walkable commercial centers (in Maryland, Florida, and elsewhere) is one indication of the attraction of the Main Street character. Capitalizing on local opportunities and amenities, such as historic resources and the pedestrian scale of older town centers, central business districts like Merchantville's can offer attractive alternatives to enclosed and automobile-dependent shopping centers. Potential residual benefits of commercial revitalization and civic engagement, including increased property values and an enhanced sense of place, suggest that Main Street strategies can operate as catalysts for broader reinvestment in first generation suburbs.

Redevelopment Through Adaptive Reuse: The Baldwin Locomotive Works in Eddystone

Located along the Delaware River just north of the City of Chester, the Borough of Eddystone has undergone a profound economic transformation in the second half of the twentieth century. The borough's industrial-based economy struggled to stay competitive in national and, in recent years, global markets. Plant closings, such as the shutdown of the massive Baldwin Locomotive Works in 1971, put a serious strain on the local job base and left behind numerous moth-balled industrial sites and brownfields. The Baldwin example, however, illustrates how through adaptive reuse strategies local and county governments can convert unproductive land and buildings into major new economic and community assets.

The Baldwin Locomotive Works was the largest maker of heavy machinery in late nineteenth and early twentieth century America. Having outgrown its factory site covering nearly twelve blocks in central Philadelphia, Baldwin built one of the first suburban industrial parks in Eddystone, Delaware County, between 1906 and 1928. The new facility covered nearly 600 acres, with 100 acres of workshop floor space, two rail lines traversing the site, piers along the Delaware River for international shipping and an eight story office tower. With the company's move to the suburbs, many of its workers likewise abandoned their older neighborhoods. At its height, during World War II, the plant in Eddystone employed 22,000 people.[87]

However, as the American railroad industry declined and steam power was supplanted by diesel and other modern sources of energy, the Baldwin's steam engines soon became obsolete. The company produced its last locomotive in 1956, though it continued to manufacture some other machinery. At a time when many first generation suburbs were growing, Eddystone was already showing signs of

[87]John K. Brown, *The Baldwin Locomotive Works, 1831-1915* (Baltimore: Johns Hopkins UP, 1995).

economic decline. After three decades of downsizing, the Baldwin plant shut down for good in 1971. Coupled with the loss of jobs, the town lost a major contributor to its tax base. The massive Baldwin site also posed serious land use problems, not the least of which was likely environmental contamination from its workshops. In 1993, the Pennsylvania Department of Commerce officially declared Eddystone an "economically distressed" municipality.

After several changes in the chain of title to the property, the Delaware County Redevelopment Authority (RDA) succeeded in conveying the Baldwin office tower and surrounding sixteen acres to the Preferred Real Estate Investments (PREI) development company in July, 1995. Following over $700,000 of asbestos removal, the developer renovated the building. By the end of 1996, it was fully occupied by twenty companies employing 850 people.[88] Taking advantage of close proximity to two major highways (I-95 and I-476) and a shortage of office space in the area, redevelopment of the Baldwin Tower has been recognized as a model initiative marrying economic development and adaptive reuse of a historic property. SEPTA plans to reopen a regional rail station at the site, improving accessibility and reusing another of the plant's original structures. The Pennsylvania Department of Transportation has announced plans to construct a major park-and-ride lot near the Tower. Also in 1997, PREI began clearance of the adjacent 33-acre rail yard, where it plans to build at least six new mixed-use buildings.

Redevelopment in Eddystone illustrates several problems and opportunities shared by many older industrial communities. The Baldwin site is accessible by automobile, transit, commercial rail, ship (via its Delaware River docks) and, since it is located just five minutes from the Philadelphia International Airport, even air. This location offers great advantages to a range of potential commercial and industrial tenants. Local schools, tax rates and other real and perceived factors of socioeconomic distress, however, complicate the task of attracting new business to Eddystone. Environmental remediation at the Baldwin site has presented considerable costs to the RDA and developers, but once cleared the former rail yard will afford enough land for large-scale investments, an amenity not shared by many other first generation suburbs.

The adaptive reuse of the Baldwin office tower and rail yard offers an effective reinvestment model for fostering economic regrowth while preserving historic character. Similar attempts at reinventing land use patterns may be seen in the conversion of office buildings in central Philadelphia into apartments or hotels (e.g., the PSFS building and the Mellon Bank building at Broad and Chestnut Streets). At the Phoenixville Iron Works in Chester County, the borough has plans to develop commerce and tourism highlighting the site's industrial history.[89] In the former machine shop building of the Roebling Sons wire rope factories in Trenton, local officials and Princeton University

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[88]J. Patrick Killian, "Baldwin's Rebirth," in *Commentary* (Winter 1997), pp.39-44.

[89]DVRPC, Draft: *The New Regionalism: Applying Community Building Principles Across the Delaware Valley* (1998), 45.

architects and engineers are nearing completion of the Invention Factory Science Center, a museum and educational facility focused on the development of technology. These and other redevelopment projects throughout the Delaware Valley region demonstrate that when municipal, business and civic leaders work together to overcome administrative, financial and environmental challenges, older local resources can be adaptively reused for successful economic and community revitalization.

Transit-Oriented Development in the Delaware Valley

Transit-oriented development (TOD) strategies respond to limited mobility, inefficient land use and air and water pollution related to low density development and high dependence on automobiles. As relatively dense mixed-use development that is pedestrian- and bicycle-friendly and centered around transit stops, TOD aims to enhance livability in old and new communities alike. In Southeastern Pennsylvania, the Pennsylvania Environmental Council (PEC) is engaged in several initiatives to promote TOD and explore possibilities for its application throughout the region. This work, including a study of the Cross County Metro corridor in eastern Montgomery County, illustrates the potential for TOD as a reinvestment tool for first generation suburbs, as well as new communities.

Grounded in principles of traditional town planning, transit-oriented development offers an alternative to sprawl that is also appropriate for redevelopment of older boroughs and inner ring suburbs. By increasing density in proximity to transit, TOD has the potential to address needs for affordable housing in the suburbs. Given the pedestrian scale and mixed-use character of TODs, this sort of planning can enhance communities' local economies and sense of place, as well as their position within the region. Better transit access to the region's core cities, growing suburban job centers, and shopping and recreational amenities is one key to livability and viability of first generation suburbs.

As part of their TOD initiative, PEC commissioned a real estate market assessment along the Montgomery County section of the proposed SEPTA Cross County Metro light rail corridor, with nine stations between Upper Merion and Lower Moreland Townships.[90] That area is home to roughly 20 percent of the county's residents and almost 30 percent of its jobs. The Metro, if built, would aim to reduce traffic congestion, related pollution and commute times, as well as improve access to area employers. Potential TOD in the areas surrounding proposed stations would stand to further those goals while building more livable communities in the region. While not a comprehensive analysis of feasibility, the PEC study notes significant potential for residential, commercial, office and light industrial development in the vicinity of most stations.

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[90]Draft: *A Real Estate Market Assessment for Transit-Oriented Development in the Montgomery County Section of the Cross-County Corridor*, Real Estate Strategies, Inc. for the Pennsylvania Environmental Council (January 1998).

Of the nine proposed station sites examined in the PEC study, Norristown stands out as an older borough that could benefit from TOD-related reinvestment. Data from Norristown shows loss of population and jobs in the 1990s, as well as the lowest tax base per household and the highest proportions of female-headed households, high school drop-outs and students eligible for free school lunch in all of Montgomery County. SEPTA's proposed Cross County Metro and Schuylkill Valley Metro projects would both offer valuable connections from the Norristown Transportation Center to suburban sites not easily accessed by transit at present. (For example, King of Prussia with its commercial center and a large proportion of the region's new entry-level jobs.) Within Norristown itself, further investments in the Transportation Center and redevelopment of nearby properties could potentially create a mixed-use civic center with commercial, residential, and transportation amenities.

This vision of improved transit service married to traditional community planning, simultaneously place-specific and regional in scope, has promising possibilities for both growth management and redevelopment objectives. For first generation suburbs in the Delaware Valley, transit-oriented development may serve as a tool for addressing local (as well as regional) transportation, land use and community development challenges. By actively pursuing transit-oriented development, municipalities like Norristown can positively affect conditions at home as well as their position within the Delaware Valley region.

Local Transportation Enhancements: Bicycle and Walking Paths along Newton Creek

As public infrastructure ages in first generation suburbs, improvements to localized transportation and recreational facilities become a top priority. These facilities can have major effects upon quality of life, community marketability, accessibility and mobility. Particularly within older, more densely settled municipalities, efficient and attractive sidewalks, trails and bicycle paths encourage alternatives to driving and opportunities to enjoy local streetscapes. A lack of pedestrian and bike trails creates transportation problems and, by limiting opportunities for outdoor recreation, reduces local quality of life.

Obstacles to walking and biking accentuate reliance on automobiles for short trips, resulting in higher congestion, air pollution and costs for maintaining roads and individual vehicles. People without easy access to cars or transit often struggle to make even simple trips to grocery stores or personal appointments. Communities with good pedestrian and bicycle facilities, however, offer nearby residents alternatives for efficient, cost-effective, healthy and enjoyable trips to work, shop, dine and exercise. Municipalities with greenways and trails are also in a better position to integrate those resources into county-wide or regional networks that link people to a wider array of amenities. Bicycle path improvements along the Newton Creek in Camden County illustrate the potential value of trails enhancements for first generation suburbs.

In 1998, the Camden County Parks Department completed significant enhancements to the bicycle and walking path along the Newton Lake portion of Newton Creek, bordered by the first generation suburbs of Collingswood, Haddon Township, Audubon Park and Oaklyn. The path was extended in order to link Cuthbert Boulevard to the White Horse Pike, and physical improvements were made to improve accessibility at the Cuthbert Boulevard intersection. These two major commercial thoroughfares - not linked by transit service in the immediate area - were thus effectively connected for pedestrian and bicycle movement between them. Along with the path extension, landscaping improvements were made and lighting, new playgrounds and new fishing piers were installed. Use of the park has risen dramatically and local residents, themselves involved in the planning process, have expressed overwhelming satisfaction with their new transportation and recreational amenities.

Transportation-related improvements like those along Newton Creek can be relatively small capital investments, but their effects upon quality of life in surrounding communities can be considerable. With better pedestrian and bicycle connections to surrounding commercial, business and recreational opportunities, communities like Collingswood and Oaklyn can improve their retention and attraction of residents, jobs and patrons of their local economies. Through strategic reinvestment in first generation suburbs, enhanced mobility and recreation can make these communities more comfortable and desirable places to live.

Reviving Neighborhoods and Housing Markets with Livable Communities Strategies

Many established neighborhoods in the region's older townships and boroughs are characterized by stagnant or declining housing prices. At least part of the trouble stems from the fact that first generation suburbs are, by definition, older and may have a hard time competing with newer suburbs where homes and infrastructure do not yet require repair and neighborhoods appear more stable. Recent attention to "livable communities," however, suggests that at least some of the liabilities of age can be turned into assets. Proponents of livable communities champion principles of traditional neighborhood design to promote visually appealing development at a human scale, stronger community identity and greater mobility options including walking and biking. In short, they are emulating many of the design elements originally embodied by first generation suburbs. Homeowners, civic associations and local planning boards and elected officials can use livable communities strategies to strengthen neighborhoods and revive local housing markets.

Livable communities can be distinguished from standard suburban designs by the way in which they encourage interaction between neighbors, support pedestrian and bicycle activities, provide access to public transit, incorporate parks and greenways and emanate a unique character that gives the community a strong sense of identity. Many places across the country are pursuing livable communities objectives with state or regional growth management, land use and transportation initiatives. While most of these approaches are beyond the reach of individual communities, local

strategies can be built around design elements and public infrastructure investments that enhance neighborhood livability. Generally accepted characteristics of livable communities include:[91]

- Mixed variety of housing types and sizes;
- Shallow setbacks including smaller side and front yards to foster a more human scale;
- Small residential lots clustered around common open spaces;
- Rear garages that do not dominate the front of the house;
- Front porches to provide shade and promote interaction between neighbors;
- Parks and greenways that foster pedestrian and bicycling activities;
- Shade trees along streets;
- Appropriate street lighting;
- Street furniture including street lamps, benches, planters, gazebos and pavilions;
- Logical street network (grid pattern or through streets over cul-de-sacs);
- Traffic calming techniques (speed bumps, narrower streets and on-street parking);
- Smaller, shared parking lots, preferably in the rear of commercial buildings;
- Safe and secure sidewalks pathways and walkways; and
- Bike infrastructure (paths, secure racks and other bicycle amenities).

Many first generation suburbs already incorporate these characteristics and design elements. To the extent that these features already exist, local officials and residents should view them as assets to be preserved. In other places, additional investment in key improvements can be incorporated in in-fill or other redevelopment projects. In addition to the efforts of local elected officials, planning and zoning board members and municipal managers, the quality and character of individual neighborhoods will also depend to a large extent on local residents and the civic pride they take in their homes, streets and communities.

Reclaiming Urban Vacant Land: New Kensington and Philadelphia Green[92]

Municipalities losing population and jobs often find themselves with considerable numbers of abandoned buildings and vacant lots. This blight poses problems of land use, public health and community morale. Vacant property can be an obstacle to revitalization efforts, but it can also provide opportunities for towns and neighborhoods to develop important services and amenities. For communities in need of more recreational and open space, vacant land offers possibilities to create useful and attractive public and private gardens, parking areas and parks. The Pennsylvania

[91]This section draws heavily from DVRPC's, *New Regionalism* (draft), 30-35, (1998).

[92]Pennsylvania Horticultural Society, *Urban Vacant Land* (1995).

Horticultural Society's "Philadelphia Green" program has developed a portfolio of strategies for urban landscaping and open space management that can serve to guide such efforts in first generation suburbs with vacant property.

In Philadelphia, city agencies conservatively estimate vacancy of 27,000 houses and 15,000 lots, in addition to thousands of abandoned factories and other buildings.[93] In many neighborhoods of the city, Philadelphia Green works with residents and community groups to convert vacant lots into side yards, community gardens and recreational parks. Theirs is a nationally recognized model based on strong citizen participation, landscaping training and education for residents and children and comprehensive neighborhood 'quality of life planning.' Philadelphia Green grew out of neighborhood based community gardening efforts, though the program has expanded to focus on neighborhood-wide open space management. The framework for open space management, pioneered in the neighborhood of New Kensington, aims to maintain all parcels of vacant land (as well as street trees and other open space) by exploring a wide range of opportunities for their use.

New Kensington, located in eastern Philadelphia near the Delaware River, has suffered from the decline of the textile industry and abandonment of the area's many factories. Corresponding loss of jobs and population has left many vacant houses and lots in the neighborhood. In 1996, the New Kensington Community Development Corporation (NKCDC) initiated an overwhelmingly resident-driven neighborhood planning process called New Kensington 2000. In collaboration with city agencies and Philadelphia Green, residents have developed their own capacity to plan and maintain their neighborhood vacant land, including a committee to monitor that work.

Within New Kensington's open space management system, even lots not turned into gardens or parks (generally due to a lack of manpower to plant and maintain all of the area's many vacant parcels), are planted with grass and ringed with trees. In addition to helping to beautify the area, these improvements discourage dumping of trash in the lots. In 1997, a community gardening resource center was constructed, with the collaboration of city agencies, NKCDC, Philadelphia Green, the Community Design Collaborative of the American Institute of Architects and volunteers from New Kensington and the AmeriCorps program. That site serves as a gathering place for gardeners, a center for distribution of plants, soil, and landscaping equipment and a storage facility for tools and a tractor used in maintaining other lots in the neighborhood.

For first generation suburbs, converting vacant lots into side yards, parks and community gardens can be an effective, low cost means of mitigating the negative effects of vacancy. By organizing residents to beautify their neighborhoods, residents become better connected to their home towns and they can better serve as stewards for their communities. Attractive parks and yards can help to

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[93]Philadelphia Office of Housing and Community Development, *Vacant Property Prescriptions* (1993).

promote reinvestment and stabilize falling property values, just as civic engagement can help to improve neighborhood safety and combat depopulation. Municipalities with relatively high built densities, like Upper Darby and Norristown in Pennsylvania and Collingswood and Burlington City in New Jersey, can enhance recreational opportunities, improve neighborhood marketability and gain a wide range of amenities (e.g., off-street parking and larger private yards) by effectively transforming their vacant land.

Institutional Resources and Community Partnerships

Institutions are essential community resources and can often form the foundations of efforts to revitalize older urban or suburban municipalities. Beyond public and private sector capacity for reinvestment, institutions such as non-profit foundations, museums and universities have unique expertise to offer their neighbors. In many cases as long-term members of their communities, these sorts of institutions have an important stake in local fiscal health and quality of life. By recognizing institutions as important resources, devising appropriate and mutually beneficial partnerships, and building upon the strengths of those local resources, municipal and civic leaders can develop local capacity for revitalization 'from within.'

A wide range of institutions can benefit first generation suburbs and inner cities in various ways. Libraries, schools and universities, professional associations, historical societies, hospitals, research institutes, recreational clubs, philanthropic foundations and many other sorts of organizations can serve as active assets to their communities if that potential is tapped creatively. Many of these groups are already oriented towards serving their neighbors in need. The Community Accountants program and the Community Design Collaborative of the Philadelphia Chapter of the American Institute of Architects volunteer their professional accounting, architecture and landscape architecture services to community groups. Large museums, theaters and arts organizations such as Philadelphia's Clay Studio frequently partner with smaller community-based arts programs without adequate staff or facilities of their own. Perhaps the most common sort of partnership between institutions and communities, though, occurs between schools and universities and their surrounding neighborhoods.

Most colleges and universities, as well as many secondary schools, run community service programs that enhance their own educational programs while contributing valuable resources to their neighbors. The University of Pennsylvania's Center for Community Partnerships coordinates tutoring and mentoring programs for elementary, middle and high school students in West Philadelphia. Internship programs for those students at the University's hospitals introduce area youths to the medical professions in a stimulating real world environment. Other colleges in the region exhibit similar commitments to the future of urban and older suburban communities. Rowan University's Institute for Urban and Public Policy sends its students to work with the Camden Empowerment Zone, the Glassboro Economic Development Corporation and Southern New Jersey's Entrepreneurial Training Institute. For four decades, Swarthmore College students have rehabilitated housing and mentored disadvantaged students in Chester.

Beyond the direct benefits of these community service initiatives, university-community partnerships can function as catalysts for broader reinvestment. The University of Pennsylvania is notable for its recently announced incentive program offering grants and loans to its employees who purchase, live in and improve homes in West Philadelphia. The University of Pennsylvania and Drexel University were also instrumental in establishing the University City Special Services District, providing street cleaning and security to the areas surrounding their campuses. Many institutions have recognized that they must take leading roles in their neighborhoods if they are to positively affect conditions in local schools, housing markets and street safety. While the appropriate role of specific institutions varies with their particular missions and strengths, linking their resources to community needs and opportunities can effectively confront certain challenges of first generation suburbs and inner cities without further strain on municipal tax base or services. These partnerships can, in fact, work to compliment those services and other efforts to revitalize local economies and quality of life.

The Need for Coalition Building

This report has demonstrated that many of the region's first generation suburbs and core cities are under stress, facing population and job loss, mounting social problems and serious fiscal constraints. While there are things that individual municipalities can do to mitigate local conditions, long run solutions require regional cooperation and coalition building. Without broad-based municipal coalitions, the region's first generation suburbs can have little voice in affecting regional or state policies critical to deciding their future.

There are several advantages to coalition building, the most obvious being greater political leverage. Coalitions are the only viable way to garner sufficient support for remedies requiring action at the state level (e.g., tax base sharing, school finance reform or changes in land use policy). Changes in fiscal, land use or social policy are controversial issues, and no single municipality or lobbying interest can hope to achieve such goals alone. Other benefits include better opportunities to secure outside funding and the ability to launch potentially powerful legal strategies in the form of class action suits such as the landmark *Abbott v. Burke* case for school finance equity in New Jersey.

Although the potential rewards from cooperation are substantial, there are a number of obstacles that coalition organizers must overcome. These include the fact that many first generation suburbs may not recognize their changing fortunes. Elected officials, business leaders and citizens may be prone to believing that their community has more in common with rapidly growing suburbs than with declining municipalities. Related to this obstacle is the fact that most suburban residents do not perceive that there is a problem, much less a crisis. It is easier to get people to think and act differently in times of crisis than in periods of relative calm. To this extent, coalition builders are advised to link their campaigns to concrete issues that generate the most enthusiasm or, as the case may be, concern.

Coalition builders must also overcome a fundamental distrust of government. People tend to suspect that any fundamental reform in governance or tax structure is really a tax increase in disguise. Case in point, Myron Orfield attended a Pennsylvania Tax Reform Forum sponsored by the Delaware County Chamber of Commerce, the Pennsylvania Environmental Council, the Pennsylvania Economy League and the Delaware County League of Women Voters in Upper Darby in November, 1997. Turnout was high and the audience was attentive as Orfield presented his rationale for tax base sharing. However, despite the fact that Upper Darby would have clearly been a winner under Orfield's tax reform plan, many (if not most) of the questions from the audience concerned whether or not Orfield's proposal was really a tax hike on Upper Darby.

But probably the largest obstacle to cementing an effective coalition in the Delaware Valley is antipathy towards the core cities of Philadelphia, Camden, Trenton and Chester. Despite the fact that the region's core cities and first generation suburbs face many of the same problems, many suburban communities want nothing to do with the region's central cities. Bridging the gulf between the cities and the suburbs created by issues of race, class and politics is a formidable challenge. However, the process of bringing together persons from different parts of the region for a common purpose is the kind of action needed to promote regional cooperation.

As Myron Orfield, Anthony Downs and other advocates of metropolitan reform spread their message around the United States, several regions have undertaken efforts to reduce fiscal disparities and redirect investment from the outer to the inner ring and older cities. Beyond the Twin Cities of Minnesota, Orfield is working with political and civic leaders in Chicago, Pittsburgh and Baltimore towards 'leveling the fiscal playing field' in those metropolitan regions. Orfield has also consulted with several organizations in the Philadelphia metropolitan area about political strategies for tax base sharing in Pennsylvania.

Orfield is not alone in his coalition building efforts. In the Cleveland area, the *First Suburbs Consortium* of representatives from that region's inner ring communities has forged an agreement with HUD that the agency will no longer foreclose on properties in the inner ring and allow them to sit empty and deteriorate. The group is working to enhance its political influence throughout the region, placing advocates of 'first suburbs' interests on regional development councils. In Fresno, California, a recently formed coalition of business leaders, farming interests and homebuilders has taken the lead in calling for county government to stem sprawl and promote more compact development. Residents of the St. Louis region are involved in a heated debate over whether to build a bridge over the Missouri River from St. Louis County to fast-growing St. Charles County, a publicly funded project that some say stands to further disinvestment in older communities and sprawl in former farmland. And in Michigan, both the state legislature's new bipartisan Urban Caucus and the Michigan Farms Bureau have placed combating urban sprawl at the top of their agendas.[94]

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[94]Rob Gurwitt, "The Quest for Common Ground," *Governing* (June 1998).

Closer to home, a cross section of stakeholders and civic leaders are engaged in an effort to address metropolitan fiscal disparities under the leadership of the Pennsylvania Environmental Council, 10,000 Friends of Pennsylvania and the Pennsylvania Economy League. Early phases of this project include systematic outreach to key suburban constituencies to communicate findings from Orfield's *Philadelphia Metropolitics* study combined with surveys and focus groups to assess suburban attitudes and assess the viability of various reform options. The Pennsylvania Economy League is also undertaking a study of the impact of fiscal disparities and fragmentation on regional competitiveness as part of this effort.[95]

This report presented a range of tax reform, regional planning and local revitalization options for first generation suburbs. Throughout this report, interconnections between tax and land use issues *and* between the region's cities, older suburbs and rural areas were apparent. Although the problems are serious, they are not insurmountable and many courses of action are possible. It is clear, however, that new tax or land use legislation will require effective political coalition building at both the metropolitan and state levels. Furthermore, even after legislation is passed, the success of tax or land use reforms will depend on the ability of city and suburban jurisdictions to work together.

Next Steps – Building an Action Agenda and Exploring Areas for Additional Research

The challenges facing first generation suburbs and various improvement strategies are not really new for a major metropolitan area like Philadelphia. What is new is the shift in location and applicability of some of the strategies from their usual application in more urban settings to a less intensive, suburban environment. It is hoped that community officials interested in addressing the kinds of issues discussed in this report will view these case studies as helpful examples to begin the process of developing their own strategies and improvement solutions. Through partnerships and coalitions, beginning with their respective county planning agency, local governments can explore a variety of strategies and programs to deal with their unique concerns.

Throughout this report, the emphasis has been on responding to the issues and potential problems facing first generation suburbs. However, it should not be overlooked that many first generation suburbs provide the sense of community, neighborhood character and potentially affordable housing opportunities that more rapidly growing areas may lack. At the same time, the attitudes of local residents are often attuned to the need for cooperative action, rather than the view that every household is an "island." These positive attributes can be the anchors and building blocks for the selection of improvement strategies, provided community leaders, residents and the business community are willing to admit that there are issues and problems that need concerted attention.

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[95] Although not directly linked to the *Philadelphia Metropolitics* effort, another recent initiative to support metropolitan collaboration within the Philadelphia region is the City of Philadelphia's Office of Housing and Community Development project to reach out to its suburban counterparts in an effort to explore common problems and strategies.

The Delaware Valley Regional Planning Commission stands committed to assist and strengthen all of the communities of the region. Possible areas for additional research by DVRPC include:

- Analysis of infrastructure investment levels and the effects on the characteristics of adjacent suburban communities.

- A more concerted focus on the efforts of various localities to "reinvent" town centers as community focal points, avoiding the urban renewal and pedestrian mall approaches of the past.

- Additional analysis of the positive attributes of first generation suburbs, including the importance of a sense of community that could be applied in emerging or rapidly growing suburban areas.

The story of the Delaware Valley's first generation suburbs is consistent with experiences around the country. By reinforcing and building on their positive attributes and developing coordinated regional and local improvement strategies, these municipalities can continue to provide a positive quality of life and community character into the 21st Century.

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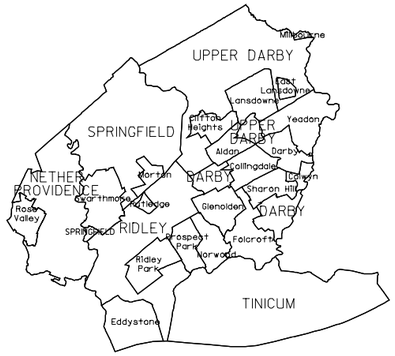
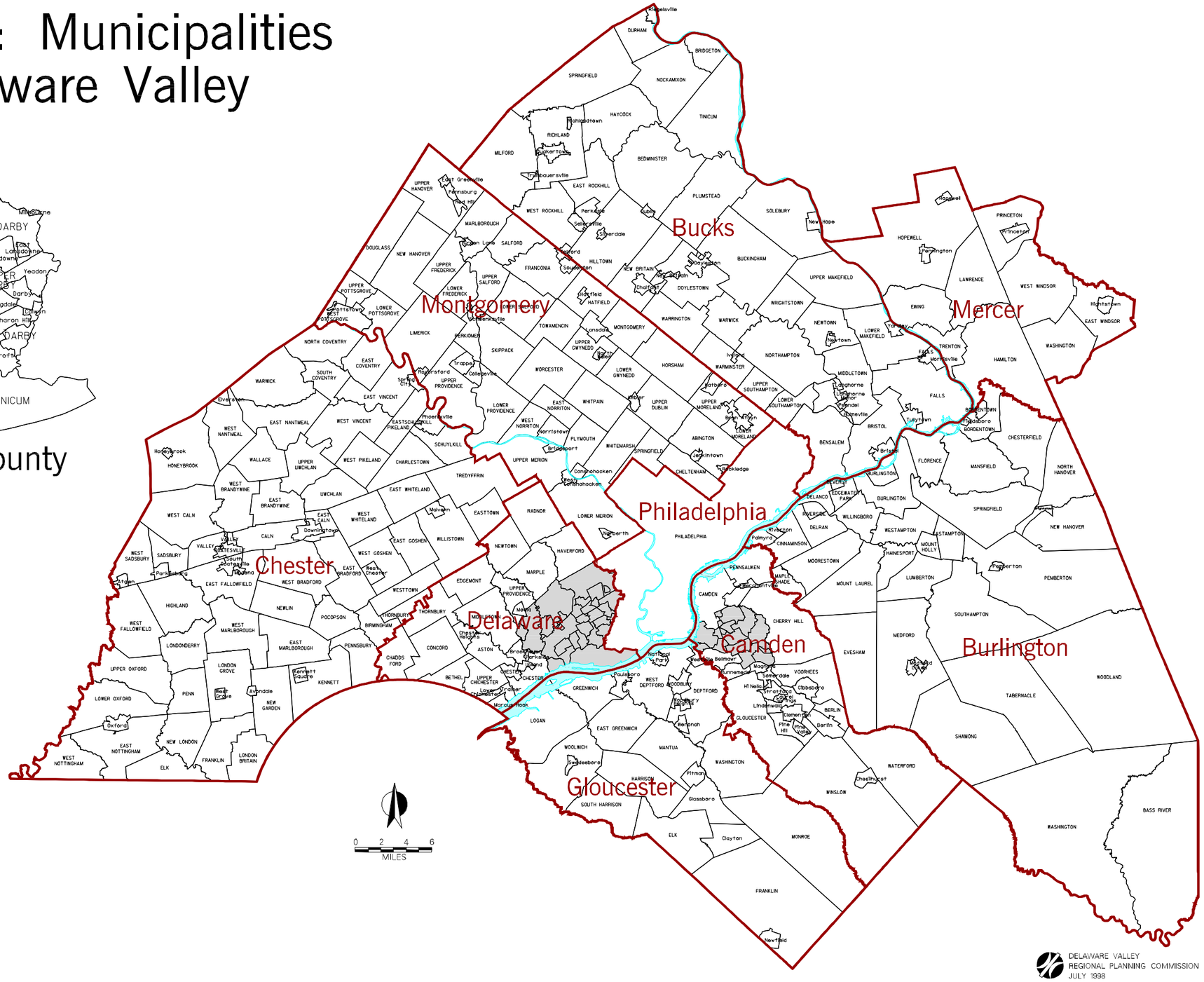
Appendix A.1: Municipalities in the Delaware Valley



Delaware County Inset

Camden County Inset



DELAWARE VALLEY REGIONAL PLANNING COMMISSION
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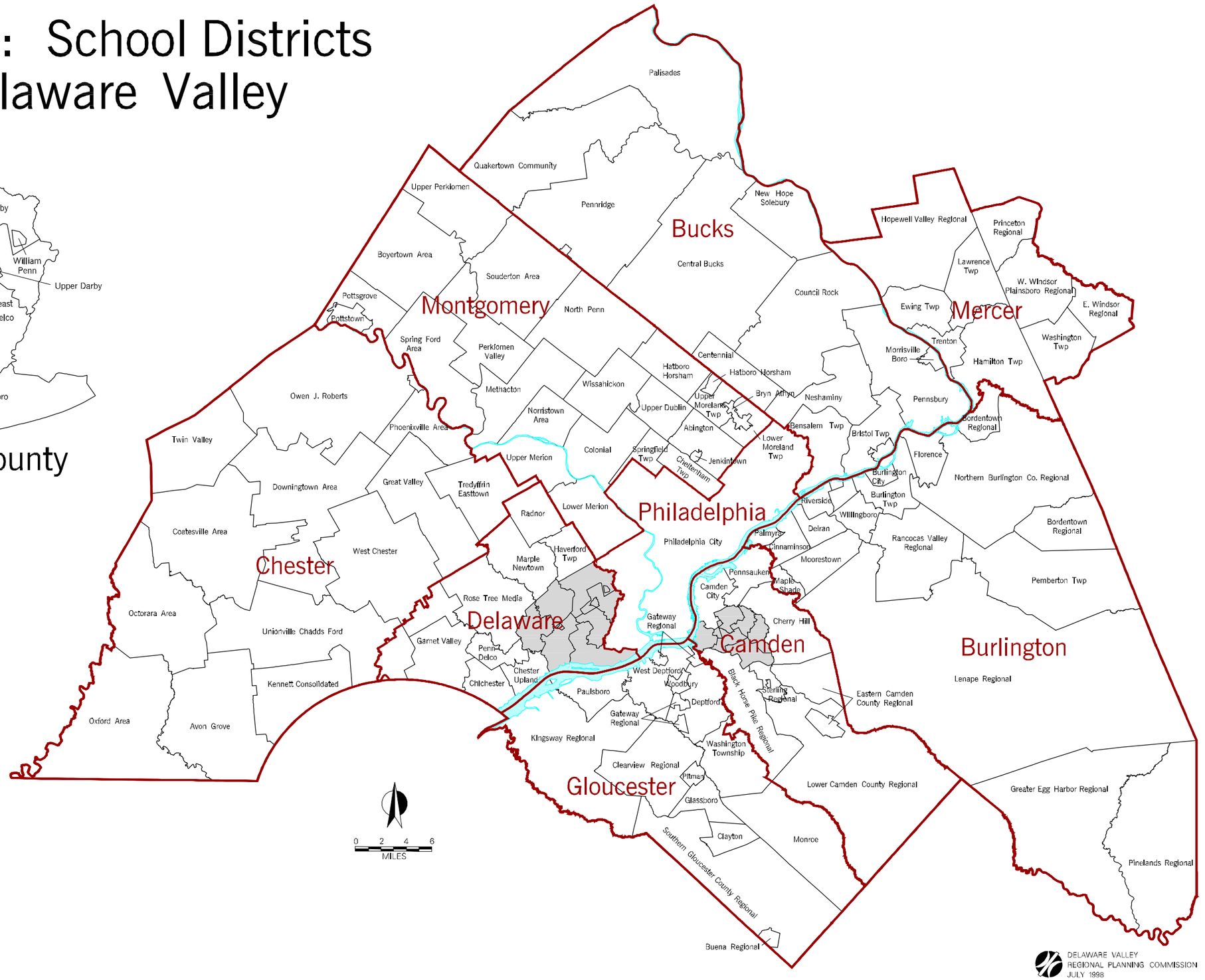
Appendix A.2: School Districts in the Delaware Valley

Delaware County Inset

Camden County Inset



APPENDIX B
STATE PROGRAMS AND GRANTS FOR DISTRESSED MUNICIPALITIES

There are numerous state programs that directly or indirectly address the set of challenges facing first generation suburbs in the Delaware Valley region. While short of an exhaustive list, this appendix identifies many of the major initiatives in Pennsylvania and New Jersey by state department. The intent of this list is to illustrate the variety of resources that are potentially available to individual municipalities. More information on specific programs is available directly from individual state offices and via the internet (website address listed after each department name).

PENNSYLVANIA PROGRAMS AND GRANTS

PA Department of Community & Economic Development (DCED)
www.dced.state.pa.us

- Enterprise Zone Program
- Employment and Community Conservation Program (ECC)
- Neighborhood Assistance Program (NAP) Tax Credits
- Community Revitalization Program
- Small Communities Planning Assistance Program
- State Planning Assistance Program
- Community Development Block Grant (CDBG)
- Section 108 Loan Guarantees
- Communities of Opportunity
- Emergency Shelter Grants
- HOME Investment Partnerships
- PA Community Development Bank
- Self-Employment
- Mentoring
- Community Crime Prevention
- Act 47: Municipalities Financial Recovery Act
- Shared Municipal Services Program
- Local Government Capital Projects Loan Program
- Infrastructure Development Program
- Industrial Sites Reuse Program

PA Infrastructure Investment Authority (PENNVEST)
www.dep.state.pa.us

- Construction Loan Program
- Advance Funding Program

PA Department of Conservation and Natural Resources (DCNR)
www.dcnr.state.pa.us

- Community Grant Program
- Rails-to-Trails Grant Program
- Rivers Conservation Grant Program
- Land Trust Grant Program
- Heritage Parks Grant Program

PA Department of Environmental Protection (DEP)
www.dep.state.pa.us

- Act 101 - Recycling Grants
- Act 108 - Hazardous Sites Cleanup Act, Host Municipal Inspector Reimbursement
- Act 108 - Host Municipality Siting Reviews
- Act 108 - Evaluations Grants for HSCA Sites
- Act 108 - HSCA Host Municipality Siting Incentive
- Act 198 - Resource Recovery Development Fund
- Act 537 - Sewage Facilities Planning Grant
- Act 537 - Sewage Program Enforcement Grants

PA Department of Transportation
www.dot.state.pa.us

- Senior Citizens Transit Service
- Bridge Replacement and Rehabilitation
- TEA 21 Transportation Enhancement Grants

PA Department of Education
www.cas.psu.edu/pde.html

- Keystone Grants for Public Library Facilities

NEW JERSEY PROGRAMS AND GRANTS

NJ Department of Community Affairs
www.state.nj.us/dca/dcahome

- Demolition Assistance Program
- Homelessness Prevention Program
- HOME - Community Housing Development Organizations (CHDO)
- HOME - Housing Production Investment Fund
- HOME - Neighborhood Rehabilitation Improvement Program
- Neighborhood Preservation
- Small Cities Community Development Block Grant
- Strategic Neighborhood Assistance Program (SNAP)
- Adopt-a-Neighborhood

- Main Street New Jersey
- Business Improvement Districts
- Community Services Block Grant

NJ Department of Commerce
www.state.nj.us/commerce/dcedhome.htm
- Urban Enterprise Zones
- Division of Small Business and Women and Minority Business Development
- Office of Accounts Management

NJ Redevelopment Authority
www.state.nj.us/njra/index.html
- low and no interest loans
- equity investments
- loan guarantees
- technical assistance

NJ Economic Development Authority
www.njeda.com
- Community Development and Small Business Lending Division

NJ Department of Environmental Protection
www.state.nj.us/dep
- Site Remediation Program
- Green Communties Challenge Grants
- Resource Recovery and Technical Programs
- Green Acres Program
- Historic Preservation Bond Fund

NJ Department of Transportation
www.state.nj.us/transportation
- TEA 21 Transportation Enhancement Grants
- Local Aid Program
- Local Aid for Centers Program

NJ Department of Education
www.state.nj.us/njded/grants/discretionary
- Competitive grants for enhanced and special services

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