

Investing in Philadelphia: Action Steps for Responsible, Equitable Growth

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
GREATER PHILADELPHIA CHAPTER



Growth works:

Inclusive growth works in Philadelphia, and as the city moves to new leadership, it is vital to prioritize inclusive growth as the fundamental part of advancing quality of life in neighborhoods around the city. Inclusive growth can both widen and diversify the range of economic opportunities available to all Philadelphians, empowering our citizens to enhance their quality of life and improve public safety.

Growth helps everyone:

NAIOP Greater Philadelphia urges the next mayoral administration to recognize that the benefits of inclusive growth go far beyond the business community. Growth creates jobs and opportunity which increases revenues to the City, which when deployed thoughtfully and with intention, can enhance services and provide for safe, clean, and green communities. This, in turn, makes it easier for residents and businesses to choose and proudly stay in Philadelphia as their home.

Growth attracts out-of-market investments:

Over the last decade or so, Philadelphia has benefited from the inflow of significant national and international capital. During this period almost \$20 billion has been invested in new development across the city. The investments created jobs across all industries, boosted employment rates, and contributed to a 33 percent increase in new revenues to the city's coffers. Total tax and local non-tax revenues have increased by \$1 billion over the last decade. Unfortunately, the City has been ineffective in deploying and investing this capital to attack the issues that have plagued Philadelphia for decades: systemic poverty, lack of opportunities for minority-owned businesses, violent crime, and quality housing affordability.

Challenges Persist:

Despite record increases in tax revenues over the last decade, the City has not developed an effective strategy to invest the new resources into programs to create family sustaining jobs, high-performing schools, housing affordability, and safe and clean streets for all Philadelphians. The city's long-standing issues with poverty and gun violence are at a boiling point and Philadelphia's reputation as an unsafe place to live and work is continuing to fuel a cycle of poor public relations and disinvestment. While the flow of capital investment remains, the core issues have persisted and, in many cases, worsened. Dubious 'band-aid' responses to the core issues have had unintended consequences of deterring the flow of new capital to the city.

New leadership → A new opportunity:

As Philadelphia welcomes new leadership, the City has an important opportunity to prioritize inclusive growth in its development policies and to reinvigorate the flow of outside investment. Such an approach will ensure success for the incoming mayoral administration and City Council, benefiting all Philadelphians - particularly those who struggle amid rampant poverty.

A prudent approach:

The resulting growth from this agenda would boost revenues in the out years of the Mayor's first Five Year Plan and beyond. As a result, by the time the current unspent pandemic aid is exhausted, the revenue increases will more than offset the impact of tax rate reductions. This not only will kickstart the city's economy, but also will be viewed as a tremendous and forward-thinking accomplishment by the new mayor.

RECOMMENDATIONS

A Clear Vision for Growth:

The new administration should articulate a clear inclusive growth agenda. This vision would include specifying which industries they want to grow and attract, what infrastructure projects the City plans to support and when, and the programs the next mayor will use to create safe, clean, and green streets. A clear vision will send the message to the investor community that Philadelphia deserves a serious look and that development will be supportive of local needs.

Tax policy reform to kickstart growth:

As part of this bold vision for inclusive growth, the incoming mayor should propose tax policy reforms that would spur growth. The City's current cash surplus – put at \$800 million – presents a rare opportunity for the next administration to accelerate reductions without impacting services. NAIOP supports specific rate reductions recommended by the Chamber of Commerce for Greater Philadelphia.

An Administration Poised to Act on the Vision:

Fill the top economic development, infrastructure, public safety, finance, housing, and workforce development positions with leaders who can articulate this vision for growth, have a proven track record of getting results, and who can coordinate and collaborate among departments and partners outside government to set ambitious goals and ensure results.

Staffed to do Business:

The new mayor's agenda for growth should include increased staffing for zoning and planning departments, and policy changes to allow applicants to pay for certified third-party review of plans. These are 'quick fixes' that speed approvals and bring tremendous bang for the buck to taxpayers.

Planning for Planning:

The real estate community in downtown and in neighborhoods depends on a reliable, predictable planning and entitlement process. However, recent data shows that the City of Philadelphia Planning Commission is significantly understaffed compared to peer cities. To carry out timely and thorough reviews of development proposals, the Commission should have at least 50 staff members as compared to their current 27-member staff.

A Friendly, One-stop Shop:

As part of this staffing focus, the new mayor should expand the capacity of the Division of Developer Services to support commercial and neighborhood developers through the permitting process and cut through the City bureaucracy. This service has been around for years but traditionally reserved for the "large" developers because of the small team's capacity. More capacity means the ability for the City to provide equal support to small and M/W/DBE developers.

Design Review:

To further speed development, the new administration can modify criteria for projects that are required to go through the Civic Design Review. Concurrent with that, Registered Community Organizations should be offered training on their role with the process.

A Leader for Positive Growth:

Utilize existing Executive Administrative controls (Law Department, Zoning Board, veto power) to limit the effects of any new legislation that would inhibit the new mayor's growth agenda.

Resources for Small Developers:

Establish programs with dedicated funding to bridge the knowledge gap between the experienced and inexperienced, haves and have-nots, core and neighborhood developers.



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