

Philadelphia is Becoming a Test Case for a New Theory on how Cities Develop in 21st-Century America

Larry Eichel 25 June 2013

The conventional wisdom used to be that economic development was the key to urbandynamism. Create the jobs, the people would follow, incomes would rise, and all would be well.

Now an alternative idea has come along, preached by a number of urban analysts. It holds that quality of life has become the key element for a city's prospects, because young adults demand it and many jobs no longer have to be in any one particular place. Establish an attractive setting, talented people will come, and, sooner or later, the jobs will, too.

In Philadelphia, the first two elements of this prescription for a prosperous future are becoming a reality. In Center City and surrounding neighborhoods, the city has established a vibrant urban landscape. And in recent years, the population has grown, fueled by an influx of young adults.

The jobs, however, have yet to materialize. In 2012, the city had fewer of them than it had in 2008, before the

recession fully arrived.

Can a city keep growing without an expansion of employment opportunities? Will young adults continue to turn gritty neighborhoods into urban hotspots if they must commute to the suburbs or beyond? Without more city based jobs, will enough people—twentysomethings, empty-nesters, immigrants and everyone else—come and stay to sustain Philadelphia's momentum?

These are some of the questions raised by the data that describe the state of Philadelphia in 2013.

Some of the key demographics are positive in a way they have not been for decades. After falling for half a century, the population of the city grew by 58,897 to 1,547,607 from 2006 through 2012, according to the most recent Census estimates, becoming more diverse in the process.

During those years, the share of the population represented by individuals age 20 to 34 grew from 20 percent to 26 percent, according to Census estimates. This accounts for the entire citywide population increase and more.

These young adults are well-educated; among the 25- to 34-year-olds, 37.5 percent have bachelor's degrees or higher, more than 10 percentage points higher than a decade ago. Although Philadelphia's percentage remains lower than those for Washington, Boston and New York, it is higher than in Los Angeles, Houston, Phoenix and the

nation as a whole; overall, 23.6 percent of adult Philadelphians are college graduates, substantially below the national average.

Educated young adults are the people a city wants to attract and needs to retain. But the local economy has not been helping. In 2012, Philadelphia had 654,100 jobs, 9,200 fewer than four years ago—before the economic downturn that made thousands of jobs disappear.

To be sure, a lot of major cities have struggled to get back to 2008 levels. But during the last few years, Philadelphia has lagged behind the rest of the country in job creation. With a larger number of city residents seeking work, the unemployment rate remained stubbornly high at 10.7 percent in 2012—2.6 percentage points above the national level.

And Philadelphia continues to be plagued by a litany of familiar problems.

According to the most recent Census data, the city has one of the highest poverty rates, 28.4 percent, and one of the lowest household median incomes, \$34,207, among all major cities. While economic hardship is concentrated in large sections of North and West Philadelphia, at least one out of five households are below the poverty line in more than half of the city's residential zip codes.

The incidence of crime remains relatively high; the overall crime numbers fell slightly in 2012, although the incidence

of homicide rose by 2 percent. From 2007 through 2011, 88 percent of homicide victims were men, 82 percent were shot, and 81 percent had prior arrests. Four out of five were African American.

Public education also remains a source of concern. The new superintendent, William R. Hite Jr., has had to contend with a large supply of old and underused school buildings, ongoing budget woes, and a drop in standardized test scores, widely attributed, at least in part, to new procedures to prevent cheating.

Beyond the influx of young adults, there are additional positive signs for the city. On the environmental front, fewer and fewer vehicle-miles are being driven in the city, use of mass transit is up, more energy-efficient buildings are coming on line, and the number of bad-air days is trending down. The housing market is showing signs of life: home sales rose slightly in 2012, median sale prices were up 18 percent over the past two years, and residential building permits were issued for more units in 2012 than any year since 2005.

The new construction contributes to the sense that the city is heading in the right direction and to the hope the population will continue to grow—and ultimately produce more jobs as well.

That is one theory of urban life in America these days, and Philadelphia is counting on it.

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Larry Eichel is the project director of the Philadelphia research initiative at The Pew Charitable Trusts. The initiative was established in the fall of 2008 with the goal of providing timely, impartial research and analysis to help Philadelphia's citizens and leaders understand and address key issues in the city. Before coming to Pew, Eichel was an award-winning reporter and editor at The Philadelphia Inquirer, where he worked for more than three decades.