

Executive Summary

After decades of decline, America's older cities are making a comeback. Philadelphia is one of best places in the nation to find evidence of this turnaround. Center City and many nearby neighborhoods are filling with new residents, businesses, and restaurants. Developers are retrofitting long-vacant buildings for new apartments, condominiums, and hotels. Residents are fixing up their homes.


Yet other areas of Philadelphia continue to struggle. Abandoned buildings, vacant blocks, declining population, and a lack of employment still characterize many neighborhoods. What can be done to extend the benefits of revitalization to more neighborhoods and citizens of Philadelphia?

The Partnership for Building Reuse explores one approach to this challenge — making it easier for property owners and investors to renew and repurpose older buildings. A joint effort between the National Trust for Historic Preservation and the Urban Land Institute, the Partnership fosters market-driven reuse of vacant and underused buildings in cities across the country. Philadelphia is one of five cities participating in this initiative.

Led locally by the ULI Philadelphia District Council, the Partnership has engaged more than 40 land use professionals, historic preservation advocates, community development practitioners, green building leaders, and city staff. These stakeholders have identified opportunities and developed recommendations for how to increase reuse and revitalization in Philadelphia.

As part of this effort, the National Trust's Preservation Green Lab conducted research into the connections between the vitality of Philadelphia neighborhoods and the character of the city's existing building stock. The Green Lab's findings show that Philadelphia's older, smaller buildings contribute in key ways to the vitality of the city. For example:

- **The creative economy thrives in older neighborhoods.** On average, there are about 50 percent more jobs in creative industries in areas of the city characterized by older, smaller, mixed-vintage blocks than in areas with mostly larger, newer buildings.
- **Young people love old buildings.** Sections of the city with older, smaller buildings and mixed-vintage blocks are more than twice as likely to have a substantial proportion of the population (greater than one third) between the ages of 18-34, compared to areas with mostly large, new buildings.
- **Old buildings attract good restaurants.** Nearly 64 percent of *Philadelphia Magazine's* 2013 "Top 50 Restaurants" and "Top 50 Bars" are located in buildings constructed before 1920, well above the citywide total of 50 percent of commercial businesses located in buildings of that vintage.



This report recommends policies, incentives, and tools to help property owners and investors repurpose more older buildings in diverse neighborhoods across the city.

Working with local practitioners, the Green Lab also developed an analytical tool to identify areas of the city that have not yet benefitted from reuse and revitalization, but have high potential for near-term success (see map on page six).

To encourage building reuse in these areas and other neighborhoods city-wide, the Partnership identified obstacles that make building reuse challenging — including market, financial, technical, and regulatory barriers. These include:

- High construction costs, including high labor costs
- Weak market conditions and low rents in many areas
- Difficulty in acquiring long-abandoned structures
- Lack of sufficient incentives for affordable housing and smaller commercial projects
- Complexity and cost of meeting zoning, building, and energy codes, especially for smaller projects

With these and other barriers in mind, the Partnership recommends three key strategies to optimize building reuse in Philadelphia over the next one to three years:

1. **Add building reuse to the 2015 Philadelphia political agenda.**

Establish a coalition of organizations to advance building reuse as an important citywide issue and educate candidates about key policies, including: an extension of the property tax abatement in challenged neighborhoods; increased city staffing for the Department of Licenses & Inspections, Planning Commission, and Historical Commission; funding for a citywide historic resources survey.

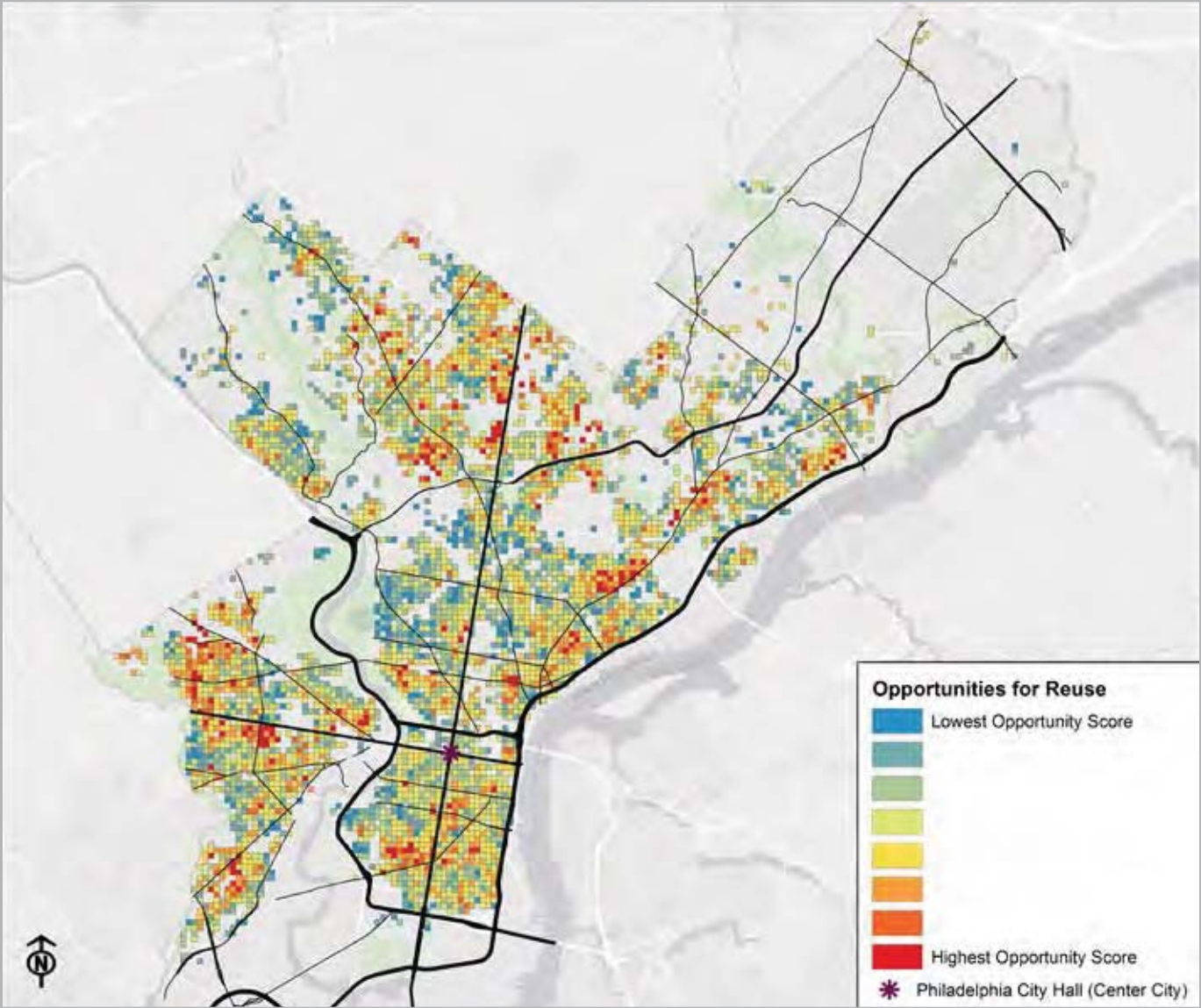
2. **Extend the benefits of building reuse and community revitalization to more areas of the city.**

Foster market-driven investment in neighborhoods positioned for near-term success. Direct technical assistance to selected areas of opportunity to increase use of the tax abatement incentive for rehabilitation. Create adaptive use innovation zones to test creative approaches to common zoning, building code, and energy code issues in these areas and adopt successful approaches into citywide policies.

3. **Expand historic preservation tools and incentives for building reuse.**

Launch a citywide historic resources survey to identify additional areas that could benefit from local, state, and national historic preservation programs. Increase the number of National Register-listed districts to facilitate greater use of federal rehabilitation tax incentives. Support creation of a new citywide revolving fund to assist key reuse projects.

In coming months, ULI Philadelphia and the National Trust will work with local partners and community leaders to advance these recommendations and bring the benefits of building reuse to more Philadelphia neighborhoods and residents.



Areas to consider for focused efforts to promote and assist market-driven building reuse. The red grid squares shown on this map are areas of high opportunity for successful building reuse, according to a new methodology developed as part of the Partnership for Building Reuse. The map shows several concentrations of high opportunity grid squares outside of Center City.