

WHOSE NEIGHBORHOOD IS IT, ANYWAY? THE SOUTH STREET/HEADHOUSE DISTRICT

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I. INTRODUCTION

The Philadelphia City Council authorized the South Street/Headhouse District (SSHD) in 1992, and it formally began business in 1993.¹ The SSHD is the second-oldest business improvement district (BID) in Philadelphia after the Center City District.² Its area of operation covers approximately sixty square blocks at the easternmost end of South Street.³ The SSHD serves one of the most well-known shopping and “bright lights” districts in all of Philadelphia⁴—South Street has had an identity as an entertainment and retail district for more than two hundred years.

The SSHD’s structure and activities are typical of most BIDs.⁵ The organization is small, with just two paid staff members.⁶ The annual budget has grown from \$325,000 in the late 1990s to approximately \$500,000 today, approximately 80% of which comes from property assessments, with the remainder deriving from grants and rents.⁷

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1. Phila., Pa., Ordinance No. 209 (Oct. 9, 1992).

2. Interview with Dave Hammond, Exec. Dir., SSHD, Phila., Pa. (Jan. 23, 2010).

3. The district runs eleven blocks along South Street from Front Street to Eleventh Street, and five blocks north to south, from Pine Street to Fitzwater Street (the coverage area was originally slightly smaller but was expanded in 2001).

4. For more on “bright lights” districts, see ROBERT E. PARK ET AL., *THE CITY*, 54–56 (1967). These areas are neighborhoods that concentrate on entertainment and nightlife activities: retail, bars, nightclubs, restaurants, theaters, and the like. They are thus primarily commercial, rather than industrial or residential, districts and consumer-, rather than business-, oriented.

5. See generally Richard Briffault, *Government for Our Time? Business Improvement Districts and Urban Governance*, 99 COLUM. L. REV. 365 (1999); Mark S. Davies, *Business Improvement Districts*, 52 WASH. U. J. URB. & CONTEMP. L. 187 (1997) (for definitional and other general information on BIDs).

6. Dave Hammond, Exec. Dir., SSHD, Response to *Philadelphia BID Director Survey*, Ctr. for Pub. Policy, Drexel Univ. (Dec. 17, 2009) [hereinafter Hammond, *Survey Response*].

7. *Id.*

The SSHD has a twenty-three-member board composed of local property and business owners.⁸ The organization's work focuses on street cleaning and maintenance, marketing and publicity, and security. One distinctive characteristic of the SSHD is that it devotes a substantial portion of its resources—almost 40% of its budget—to security: the SSHD pays most of the non-personnel costs for the Philadelphia Police Department substation on South Street.⁹ The SSHD also engaged in a multi-year capital project of streetscape improvements from 2003 to 2008, which it funded outside of the organization's regular budget.¹⁰

The most critical moment to date in the SSHD's development was the 1998 reauthorization and extension of the district's charter, which extended the life of the organization from five to twenty-five years. To obtain reauthorization, the SSHD needed to display and guarantee organizational stability.¹¹ Reauthorization would, in turn, enable the SSHD to borrow money to pursue capital projects. In other words, it was the necessary prequel to the streetscape project. Despite obtaining reauthorization and enjoying substantial support from both city council and its primary constituents, the reauthorization process revealed a substantial gap between the BID and the surrounding residential neighborhoods. This gap has occasionally flared into outright, mobilized opposition as residents feel both that the BID does not serve, represent, or include them and that the increasing commercial traffic harms their quality of life. The potential for problematic relations with its immediate neighbors remains the most significant threat to the SSHD's continued success.

II. SOUTH STREET'S HISTORY AND IDENTITY

The SSHD organizes the retail and commercial interests of one of Philadelphia's most storied streets. South Street's historic identity as a "bright lights" district is the single most important contextual factor affecting the BID's decisions and activities. Until 1854, when the city and county consolidated, South Street was the municipal

8. 2010 SSHD Board, S. ST. PHILA., http://www.southstreet.com/index.php?option=com_content&view=article&id=101:2009-sshd-board&catid=10:for-merchants-&Itemid=32 (last visited Nov. 8, 2010).

9. Penn Design, *Reclaiming the Edge: A Plan for the South Street Headhouse Business District*, Dept. City Reg'l Planning, U. Pa. 43 (2009).

10. Interview with Dave Hammond, Exec. Dir., SSHD, in Phila., Pa. (Feb. 22, 2010).

11. *Hearing on Bill No. 970275 Before the Comm. on Rules 5-6* (Phila., Pa. Oct. 28, 1997) [hereinafter *Hearing on Bill No. 970275*] (Statement of Steven Kujolic, Chairman, SSHD).

boundary between the city and the outlying districts.¹² Its status as a border gave South Street (or Cedar Street, as it was at one point known) a distinct character. Because crossing South Street allowed one to change police jurisdictions, it became a useful location for illegal or “gray” activities, as police from one side could not pursue suspects on the other.¹³

South Street is also close to the waterfront. As a consequence, it has always been a location for rooming houses, bars, restaurants, and the kind of nightlife activity that some people consider unsavory. This has been true for approximately two hundred years, making South Street’s current identity as an entertainment and shopping destination for the entire region simply a continuation of a very long-term pattern.¹⁴

In the late nineteenth century, as waves of Southern and Eastern European immigrants transformed Philadelphia, South Street became a prominent shopping district.¹⁵ The western part, near Broad Street, became oriented toward Blacks, in part because the historic center of Philadelphia’s Black population, W.E.B. DuBois’ old Seventh Ward, ran west along Lombard Street from Seventh Street to the Schuylkill River.¹⁶ The eastern part of the street became a retail center for Jewish immigrant Philadelphia, and a number of synagogues existed in the neighborhood in the early twentieth century.¹⁷ From the 1940s onward, as these two groups suburbanized or moved to outlying districts of the city, retail businesses along the street started to suffer.¹⁸ The decline was slow and barely noticeable for many years, but in the 1960s, the heavy hand of the state inter-

12. See generally SAM BASS WARNER, JR., *THE PRIVATE CITY: PHILADELPHIA IN THREE PERIODS OF ITS GROWTH* 152–57 (2d ed. 1987) (discussing how the riots of 1944 spurred the campaign for consolidation and a unified police force); David R. Johnson, *Crime Patterns in Philadelphia, 1840–70*, in *THE PEOPLES OF PHILADELPHIA: A HISTORY OF ETHNIC GROUPS AND LOWER-CLASS LIFE, 1790–1946*, at 89, 90 (Allen F. Davis & Mark H. Haller eds., 1973).

13. These included the typical activities of urban vice districts, such as gambling, gang violence, prostitution, and illegal liquor sales. See WARNER, *supra* note 12, at 137; Bruce Laurie, *Fire Companies and Gangs in Southwark: The 1840s*, in *THE PEOPLES OF PHILADELPHIA: A HISTORY OF ETHNIC GROUPS AND LOWER-CLASS LIFE* 71–87 (Allen F. Davis & Mark H. Haller eds., 1973); Johnson, *supra* note 12, at 90–91.

14. See Jerome Isaac Hodos, *After Urban Renewal: State Investment, Small Businesses and the Pace of Neighborhood Change* 26–27 (Dec., 1996) (unpublished M.A. thesis, University of Pennsylvania) (on file with author); Penn Design, *supra* note 9, at 12–13.

15. See Johnson, *supra* note 12, at 90–91.

16. W.E.B. DuBois, *THE PHILADELPHIA NEGRO: A SOCIAL STUDY*, 58–60 (reprt. ed. 1996) (1899).

17. See HENRY SAMUEL MORAIS, *THE JEWS OF PHILADELPHIA* 217–23 (1894).

18. See Hodos, *supra* note 14, at 28–32.

vened. The entire corridor between South and Bainbridge streets was slated to become the submerged "Crosstown Expressway," similar to the Vine Street Expressway, which separates North Philadelphia from Center City.¹⁹ Officials from the state highway department even told property owners in 1965 not to make big investments in their properties, because the state would soon condemn the properties and use eminent domain to develop the area.²⁰ Though the state never built the project, that was not certain at the time, and the neighborhood's future was up in the air from 1965 until 1972: first the plan was on, then it was off, then on again, then off.²¹

The effect this limbo had on the street was pronounced. As business owners grew older and retired or left for other neighborhoods, the supply of new retailers willing to open a business on the street almost completely dried up, and the number of vacant storefronts climbed.²² In addition, some property owners cut back on maintenance and property improvements, and the street appeared increasingly disorganized.²³ The prolonged stress, however, affected different areas of South Street differently. The western side, from Twelfth Street to the Schuylkill River, suffered a steeper, more profound decline as its mostly Black residential customers departed for other neighborhoods and a replacement customer base from gentrification only partially spread south from Rittenhouse Square.²⁴ The eastern end fared much better, due primarily to two factors. The first factor was the enormous, state-led gentrification effort centered on Society Hill, which redeveloped much of the neighborhood north of South Street and raised the socioeconomic profile of residents significantly.²⁵ By the early 1970s, this urban renewal effort had sparked spillover gentrification on the blocks south of South Street in Queen Village. The second factor, related to and dependent on the first, was the new migration of small business owners, lured by cheap rent, to the street. These new businesspeople were primarily "hippies" or countercultural, and a significant number of them were

19. See Lenora Berson, *The South Street Insurrection*, PHILA. MAG., Nov. 1969, at 86, 88, 91.

20. See Hodos, *supra* note 14, 35-37.

21. See *id.* at 37-43.

22. See *id.* at 42-43.

23. See *id.* at 44-47.

24. PHILA. CITY PLANNING COMM'N, PHILADELPHIA SHOPS: A CITYWIDE STUDY OF RETAIL CENTER CONDITIONS, ISSUES AND OPPORTUNITIES 37-39, 87-89 (1989).

25. See Hodos, *supra* note 14, at 56, 67 tbl. IV.

gay.²⁶ They opened a string of restaurants, bars, performance venues, and offbeat retail shops.²⁷ This countercultural flavor came to define South Street's identity from the 1970s through the 1990s, until the arrival of the chain stores.

Finally, as a result of the gentrification of the surrounding neighborhoods, the SSHD's retail area developed an important demographic peculiarity. The residential neighborhoods around South Street are some of the whitest and most upscale in the city. Census Tract 10, for example, which covers Society Hill, was 91% White and 93% adult (over age 18) in 2000, with a median household income of \$72,625 and a median owner-occupied housing value of over \$407,000.²⁸ This is a significant contrast with the city as a whole, which was only 45% White and 75% adult, with a median household income of \$30,746 and a median home value of \$59,700. In contrast, South Street's current customer base is much more demographically similar to the city's population as a whole than it is to that of the neighborhood.²⁹ Thus, the property and business owners along South Street who make up the SSHD's board and its constituency are interested in serving a retail base that is, by definition, not primarily neighborhood-oriented. This divergence between the retail and residential characteristics of the neighborhood was not the

26. See Maury Levy & Carol Saline, *The Fall and Rise of South Street*, PHILA. MAG., Nov. 1974, at 190-91.

27. *Id.* at 191.

28. All demographical data contained within this section can be found at the U.S. Census Bureau website. See *American FactFinder*, U.S. CENSUS BUREAU, <http://factfinder.census.gov/> (for age and race data: follow "Data Sets" hyperlink; then click "Census 2000" and follow "Quick Tables" hyperlink under "Census 2000 Summary File 1 (SF 1) 100-Percent Data"; then select "Census Tract" under "Select a geographic type"; then select "Pennsylvania" under "Select a state"; then select "Philadelphia County" under "Select a county"; then select tract 10; then click "Add"; then select "County" under "Select a geographic type"; then select "Pennsylvania" under "Select a state"; then select "Philadelphia County" under "Select a county"; then click "Add"; then click "Next"; then select "DP-1 Profile of General Demographic Characteristics: 2000" under "Show all tables"; then click "Add"; then click "Show Result") (for income and home value data: follow "Data Sets" hyperlink; then follow "Detailed Tables" hyperlink under "Census 2000 Summary File 3 (SF 3) - Sample Data"; then select "County" under "Select a geographic type"; then select "Pennsylvania" under "Select a state"; then select "Philadelphia County" under "Select a geographic area"; then click "Add"; then select "Census Tract" under "Select a geographic type"; then select "Pennsylvania" under "Select a state"; then select "Philadelphia County" under "Select a county"; then select tract 10; then click "Add"; then click "Next"; then select "P53. Median Household Income in 1999 (Dollars)"; then click "Add"; then select "H76. Median Value (Dollars) for Specified Owner-Occupied Housing Units"; then click "Add"; then click "Show Result").

29. Interview with Dave Hammond, *supra* note 2. In addition, even a brief stroll down the street in the evening will make this clear.

case for most previous incarnations of the street—it is a historically recent feature.³⁰

These historical, cultural, and demographic factors provide the social context within which the SSHD operates. One implication of this history is that administrative boundaries over time take on a life of their own and shape the resulting culture and feel of places. South Street's old political identity as a boundary has shaped the kinds of activities that have located there, and that legacy continues to have an impact. Even today, South Street acts as the border between Center City and South Philadelphia, with all the attendant cultural signifiers attached to that transition—the boundary between office and residential uses, between WASP and immigrant/ethnic populations (especially Italian), and between white collar and blue collar.³¹ South Street continues to be the border between political wards and police districts, which created some policing and security difficulties that the SSHD has devoted a significant portion of its resources to addressing through the funding of the police substation.³²

A second implication is cultural: South Street has been a retail and entertainment destination for longer than anyone who currently visits the street has been alive. That identity is deeply planted in the minds of retailers, property owners, residents, and customers. It is unlikely to change, and there is very little that anyone can do about it. It may shift a little bit in one direction or another—toward the seedy or the upscale end, for example—but the SSHD cannot fundamentally alter it.³³

30. See Hodos, *supra* note 14, at 26–29.

31. For example, median household income in 1999 for ZIP code 19147 (South Philadelphia) was \$34,431, and for ZIP code 19106 (Society Hill, north of South Street), it was \$61,720. See *American FactFinder*, *supra* note 28 (follow “Data Sets” hyperlink; then click “Census 2000” and then follow “Detailed Tables” hyperlink under “Census 2000 Summary File 3 (SF 3) – Sample Data”; then select “5-Digit ZIP Code Tabulation Area” under “Select a geographic type”; then select “191 3-Digit ZCTA” under “Select a 3-Digit ZIP Code Tabulation Area”; then select “19106 5-Digit ZCTA”; then click “Add”; then select “19147 5-Digit ZCTA” and “19106 5-Digit ZCTA”; then click “Add”; then click “Next”; then select “P53. Median Household Income in 1999 (Dollars)”; then click “Add”; then click “Show Result”).

32. Because South Street lies on the border between two police districts, in the past it was sometimes difficult to coordinate adequate policing; the police substation was explicitly designed to provide a single, uniform administration and oversight of the street. Interview with Dave Hammond, *supra* note 10.

33. This is not a question of whether the SSHD *should* do anything to change the character of the street; rather, it is a question of what is possible.

III. THE SOUTH STREET/HEADHOUSE DISTRICT

The Philadelphia City Council incorporated the SSHD in 1992, enabling the organization to operate for a term of five years, after which reauthorization would be necessary.³⁴ The initial assessments against property owners amounted to about 7% of existing property taxes.³⁵ Because Pennsylvania law exempts residents from the tax assessment, they did not have a vote in whether to establish the BID or not.³⁶ The SSHD began with, and continues to have, a twenty-three member board. The first board contained twelve business owners, three real estate developers and brokers, two representatives from larger corporations, two neighborhood association heads, and four otherwise unaffiliated residents.³⁷ Several of these founding members have continued their involvement with the SSHD.³⁸

A substantial neighborhood organizing effort preceded the legislation. Interested property owners and business owners gathered the support of their colleagues and of neighborhood residents, and opposition to the establishment of the district was minimal.³⁹ All of the local neighborhood associations were in favor of establishing the SSHD, as they pointed out during the reauthorization hearings in 1997.⁴⁰ All told, six board members could be considered primarily “resident” members, though it appears that almost two-thirds of the board lived in the neighborhood.⁴¹ Thus, there was substantial neighborhood representation and participation from the very beginning of the organization.

It was all the more surprising then, that by the time the organization applied for reauthorization and extension of its term to twenty-

34. Phila., Pa., Ordinance No. 209 § 5(e) (Oct. 9, 1992).

35. Julia Cass, *South St. Property Owners Hear Special District Plan*, PHILA. INQUIRER, Jan. 20, 1993, at B5.

36. Lorlene Hoyt & Devika Gopal-Agge, *The Business Improvement District Model: A Balanced Review of Contemporary Debates*, 1 GEOGRAPHY COMPASS 946, 951 (2007).

37. Phila., Pa., Ordinance No. 970275 ex. A-VI (1) (Dec. 29, 1997).

38. These members are John Foy and Howard Lander. Phila., Pa., Ordinance No. 209 § 5(f) (Oct. 9, 1992); *2010 SSHD Board*, S. ST. PHILA., <http://www.southstreet.com/> (follow “SSHD Info” hyperlink) (last visited Nov. 8, 2010).

39. Cass, *supra* note 35.

40. *Hearing on Bill No. 970275*, *supra* note 11 (statement of Richard Ostrander, Executive Director, SSHD). In fact, Richard Ostrander from the Society Hill Civic Association and Ann Verber from the Queen Village Neighbors Association were founding board members of the SSHD; Verber went on to serve as chair of the SSHD’s planning committee, and Ostrander eventually became executive director of the organization. Phila., Pa., Ordinance No. 209 § 5(f) (Oct. 9, 1992).

41. Phila., Pa., Ordinance No. 209 § 5(e) (Oct. 9, 1992); *Hearing on Bill No. 970275*, *supra* note 11 (statement of Steven Kujolic, Chairman, SSHD).

five years in 1997, relations between the SSHD and the residents' associations had soured. The reauthorization debate was the single most important event in the history of the SSHD, and the sine qua non for subsequent important events, such as the expansion of the SSHD's boundaries in 2001 and the initiation of a significant capital and streetscape improvement project in 2003. Indeed, the SSHD had already drawn up plans for those improvements when they went to the city council; reauthorization was explicitly designed to enable the subsequent capital projects.⁴² Reauthorization was therefore the crucial moment that determined the organization's future.

IV. REAUTHORIZATION AS A DEVELOPMENTAL MOMENT

It is important to ask what would interest anyone in reauthorizing a BID in general, and this BID in particular, given the non-trivial monetary costs to property owners. In the first instance, organizations have substantial inertia.⁴³ Once established, the staff and board, of course, did not want it to disappear. Second, backers of reauthorization posited that a longer term of incorporation was necessary for appealing to lenders. The SSHD wanted to engage in a project of capital and streetscape improvements to the neighborhood but claimed that no one would lend to a borrower whose future existence—and thus its ability to repay a loan or a bond—was uncertain.⁴⁴ Finally, the SSHD also had substantial support from its constituents, who were overwhelmingly satisfied with the increased level of neighborhood services the BID provided.⁴⁵

The process of winning an extension involved a canvass of business owners to win their support, a period of time for public comment, a petition to the Philadelphia City Council, and the council's hearings and votes on an ordinance extending the term.⁴⁶ The organization had support from a number of important members of city government and the local power structure—most notably, Councilman Frank DiCicco (who had not been on the council in 1992), Center City District head Paul Levy, and Mayor Rendell's ad-

42. See Phila., Pa., Ordinance No. 970275 ex. A § V (Dec. 29, 1997).

43. See Lorlene Hoyt, *Do Business Improvement District Organizations Make a Difference?: Crime In and Around Commercial Areas in Philadelphia*, 25 J. PLAN. EDUC. & RES. 185, 186 (2005).

44. *Hearing on Bill 970275*, *supra* note 11 (statement of Steven Kujolic, Chairman, SSHD); see Phila., Pa., Ordinance No. 97025 ex. A § V-VI (Dec. 29, 1997).

45. See Phila., Pa., Ordinance No. 97025 ex. A § I (Dec. 29, 1997); Interview with Dave Hammond, *supra* note 10.

46. See Phila., Pa., Ordinance No. 970275 (Dec. 29, 1997).

visor and chief of staff, David Cohen, who served as a consultant to the SSHD during the reauthorization process and for strategic planning. There was almost no dissent from business owners during the official comment period, and the city council members had no public criticisms or even questions to raise during the official hearings.

But the pathway to reauthorization was not without bumps. Residents of the surrounding neighborhoods—particularly officers of the residential associations—had become disillusioned with the SSHD. The presidents or chairs of the Society Hill Civic Association, the Queen Village Neighbors Association, the South Street Neighbors Association, Blackwell Place Condominium Association, and the Head House Conservancy all showed up to testify against reauthorization.⁴⁷ The emergence of neighborhood opposition was a striking development. Residents of the neighborhoods closest to and most affected by activities on South Street expressed unified, coordinated opposition to the reauthorization of an organization that they had supported and helped found.

Interestingly, none of the residents went so far as to suggest abolishing the SSHD. Residents' complaints were not primarily about the concrete activities, plans, or achievements of the SSHD. They did not object to the SSHD's daily operation, nor did they object to the idea of improving the streetscape, though they did complain that the SSHD promoted increased business activity "without regard to how that may impact on the surrounding areas."⁴⁸ Rather, the residents preferred a shorter term of reauthorization—five or ten years—and modifications to the structure of the board to promote greater input from residents.⁴⁹ From a practical point of view, their resistance to the extension and reauthorization of the SSHD was in fact quite weak. It is striking how poorly the neighborhood associations' testimony in city council, and their objections to a longer term of reauthorization, addressed the BID's argument that a longer term was necessary in order to raise funds for capital projects. Instead, the neighborhood associations' complaints were about mutual recognition, participation, representation, and perhaps about the balance of power in neighborhood affairs as well⁵⁰—in short, the complaints were about what they perceived as a democratic deficit.

47. *Hearing on Bill No. 970275, supra* note 11, at 2 (Index).

48. *Id.* at 47 (statement of Melvin J. Buckman, President, Soc'y Hill Civic Ass'n).

49. *Id.* at 55–59 (statement of Bernice Hamel, President, Head House Conservancy).

50. *See id.* at 50–52, 55–56 (statements of Melvin J. Buckman, President, Soc'y Hill Civic Ass'n, and Bernice T. Hamel, President, Head House Conservancy).

Of course, there was an obvious explanation for the neighborhood associations' defection from their earlier support: the demographic gap and the fact that South Street was not primarily dedicated to serving a local clientele. There is always the possibility for conflict between the desires of residents and the desires of merchants, and this conflict arose over parking, traffic, and the quality-of-life violations perpetrated by South Street business patrons.⁵¹ One opponent went so far as to argue that business owners who were also residents could not wear two hats on the board because their business interests would get in the way of representing the neighborhoods' concerns fairly.⁵² And this gets to the heart of the dispute over reauthorization: the residents felt excluded from the SSHD's decisions and priorities. The residents had played an important role in the organization's founding, lending the support of their organizations to its establishment, but they had never been its primary constituents nor did they have an official role or voice in the organization. While the SSHD invited them to attend meetings and to participate, residents increasingly felt that their participation was entirely symbolic and substantively meaningless.⁵³ They complained that the SSHD had changed its procedures to allow residents to voice their concerns only during the final ten minutes of meetings, after decisions had already been made. This prompted one resident to comment that "being part of something versus going and watching a movie of what's happening is a far difference."⁵⁴

At the end of the day, however, the residents were unable to raise any credible claims of malfeasance. Councilman DiCicco recommended that the subcommittee endorse the application, with a suggestion to work out improved communication and representation of neighborhood residents in later discussions.⁵⁵ All council members on the subcommittee agreed. The request to extend the organization's term from five to twenty-five years was approved, in part because the SSHD's argument about the need to demonstrate longev-

51. *Id.* at 47 (statement of Melvin J. Buckman, President, Soc'y Hill Civic Ass'n); Nita Lelyveld, *Neighbors Say Slow Down on Fast Food*, PHILA. INQUIRER, Oct. 3, 1996, at B1.

52. *Hearing on Bill No. 970275*, *supra* note 11, at 48-49 (statement of Melvin J. Buckamn, President, Soc'y Hill Civic Ass'n).

53. *See id.* at 69-70, 81-83 (statements of Irwin Edward Robinson, Solicitor, Blackwell Place Condo. Ass'n, and Fluffy Palmer, President, S. St. Neighborhood Ass'n).

54. *See id.* at 91 (statement of Alan Hunter, President, Queen Vill. Neighbors Ass'n).

55. *See id.* 93-95 (statement of Frank DiCicco, Councilman, Comm. on Rules).

ity to lenders was plausible.⁵⁶ There were no formal changes to the proposal or structure of the organization.⁵⁷ The composition of the board did not change appreciably—in 2009 there were five board members identified specifically as residents, not much different from the six board members identified in 1992.

V. SOUTH STREET TODAY

Reauthorization set the stage for the next phase of organizational growth, which lasted until 2008. This ten-year period of growth had three important aspects. First, in 2003, the SSHD successfully petitioned city council to enlarge its coverage area, mostly by expanding its north-south dimensions.⁵⁸ This increased its assessment base and budget, allowing it to expand its activities without increasing the tax burden on constituents. Second, in 2003, the SSHD finally began work on its long-planned program of streetscape improvements. These improvements included new sidewalks, the replacement of old trees, new pedestrian and street lighting, the repaving of the streets, and the installation of a fountain on the Second Street plaza between South Street and Lombard Street.⁵⁹ The SSHD did not borrow money in order to pursue these projects (even though this had been one of the original justifications for reauthorization). Instead, it coordinated its plans with existing city government plans to do some of the work, piggybacking on public expenditures.⁶⁰ It also won grants from higher levels of government and other funders to make the work possible.⁶¹ The district completed this multi-year project in 2008.⁶²

Third, beginning in the 1990s, the retail mix along South Street underwent another wave of change. A number of older stores closed their doors permanently, particularly those that served a niche clientele, like Cohen's hardware store and some of the hippie-era retail-

56. See *id.* at 33-37 (statements of David Cohen, Consultant, S. St. Headhouse Dist. and Frank DiCicco, Councilman, Comm. on Rules).

57. See *id.* at 93-96 (statements of Frank DiCicco, Councilman, Comm. on Rules, and Anna Cibotti Verna, Councilwoman, Comm. on Rules).

58. PHILA., PA., CODE § 14-1612 (2010).

59. Interview with Dave Hammond, *supra* note 10; Hammond, *Survey Response*, *supra* note 6; Linda K. Harris, *South St. Working on a Cool Renewal*, PHILA. INQUIRER, Mar. 2, 2003, at A1.

60. See Hammond, *Survey Response*, *supra* note 6.

61. These funds included \$1 million from the Philadelphia City Department of Commerce and \$1 million from the Pennsylvania Department of Transportation. Interview with Dave Hammond, *supra* note 10.

62. Hammond, *Survey Response*, *supra* note 6.

ers from the 1970s. In some cases for the first time, national chains like Johnny Rockets, Blockbuster, Tower Records, the Gap, and Starbucks replaced the local businesses.⁶³ The arrival of the chain stores over the past ten to fifteen years essentially began turning the street into a walkable mall. Simultaneously, South Street, for the first time in its history, had to compete as a “bright lights” district with other regional retail and nightlife districts, such as Manayunk, which was undergoing its own renaissance.⁶⁴ The combined effect of these changes was to push South Street’s customer base toward an increasingly younger crowd and to make both the crowd and the retail mix even less compatible with the demographics of local residents. This younger customer demographic led to a number of problems. The crowds became increasingly large and unruly, especially on summer nights. The unruliness reached its peak and spilled over into vandalism and violence during the street’s Mardi Gras celebrations in February 2001.⁶⁵ The resultant disputes increased neighborhood conflict and, for the first time, pitted different groups of business owners against each other, with bar owners feeling scapegoated by others for the actions of drunk, rowdy crowds.⁶⁶

VI. IMPLICATIONS

The strictly economic difficulties faced by the SSHD and South Street merchants today are not unprecedented; the street has witnessed periods of restructuring and redefinition before. The differences between the street today and the street in the past are more centrally related to the changing institutional character of American cities: the demographic divergence between the street’s clientele and the gentrified residential neighborhoods surrounding it and the very presence of the SSHD itself, which provides a venue for collective action that simply did not exist in earlier decades.

The analysis presented here highlights five important factors that will shape the street’s future. First: the character of South Street. South Street’s historic identity as a lively entertainment and retail center is the strongest structural feature affecting the SSHD’s actions and potential. It shapes the SSHD’s membership, determines its largest expenditures, and — importantly — gives the district a built-in

63. See Daniel Rubin, *A Sea Change on South Street*, PHILA. INQUIRER, Mar. 3, 1996, at D1.

64. See Interview with Dave Hammond, *supra* note 10; Harris, *supra* note 59.

65. See Joseph A. Slobodzian & Clea Benson, *Mardi Gras Melee Provokes Outrage and Call for Change*, PHILA. INQUIRER, Mar. 1, 2001, at A1.

66. Interview with Dave Hammond, *supra* note 10.

visibility and recognition. The mix of stores and patrons can and does shift over time—toward or away from serving local residents, for example—but within this larger, constant frame. This publicly understood identity is one of the street's major strengths and resources. Neither the SSHD nor anyone else in the city wants to see South Street lose this "bright lights" character, and in some ways this makes the SSHD's job easier, particularly in terms of marketing.

Second: the influence of demographic factors. The demographic divergence between the surrounding residential areas and the customer base for South Street retailers helped cause tension between the SSHD and the residents of the neighborhood in the past. Only 13% of the street's sales come from local residents, and residents by and large do not use the street except for its restaurants.⁶⁷ Most South Street business owners, however, cater to a crowd that is both younger and drawn from around the metropolitan region. There is, of course, no inherent reason why such a demographic difference should cause problems, *per se*. A vibrant business strip, even one focused primarily on "bright lights" style entertainment and leisure activities, can be a significant source of enjoyment for immediately local residents. But residents clearly have interests—in quietness, in cleanliness, and in parking—that are at odds with the business constituents of the SSHD. This must be openly, clearly, and honestly acknowledged and negotiated in order to prevent tensions between the businesses and the residents from boiling over. Furthermore, conflict will be less likely if local residents perceive the street's businesses as useful or valuable to them. To this end, the SSHD is strongly engaged in trying to lure or foster additional (most likely upscale) businesses and restaurants that would serve local residents.⁶⁸

Third: external relations. Overall, the SSHD itself runs smoothly; it has few internal problems that hamper its functioning. Business owners have expressed few, if any, criticisms of the organization. When the SSHD has run into difficulties, the problems have generally been with its relationships to external partners or quasi-official organizations—in particular with the residents' associations during the time of reauthorization. In the future, this could become a substantial problem because BIDs by necessity rely on positive relations with external actors, such as city council, the police department, the streets department, donors and foundations, higher levels of gov-

67. Penn Design, *supra* note 9.

68. Interview with Dave Hammond, *supra* note 10.

ernment, and nearby residents. The fact that all of the official residents' associations along the borders of the SSHD opposed the reauthorization should have rung the alarm bells for the organization. While the SSHD—and indeed, all BIDs—should primarily serve the interests of business and commercial property owners, not of residents, it is dangerous for such organizations to be so out-of-step with the people most affected by their actions.

Fourth: who could act differently? As it happened, the residents' opposition was not powerful enough to change the outcome of the reauthorization process. This is typical, as residents are usually the weakest link in the political chain. The SSHD had the support of the city council and other members of the city's power elite. The residents would have to have been much more strident in order to change the outcome. On the other hand, the leadership of the SSHD could have been more forthright about the divergence between the street's needs and residents' needs and could have worked on that problem explicitly—for example, with regard to parking, particularly on weekends. The organization could also have chosen to include residential property owners and neighborhood organizations more fully. Such inclusion might risk moving the essential, ongoing conflict of interest from one between the BID and other organizations to one *inside* the BID. But, it might also build greater goodwill.

Fifth: the changing retail mix of South Street. South Street has never been mainstream—its retail has always been either edgy, countercultural, or ethnically-oriented. It has been most successful, however, when it supported locally owned businesses with neighborhood and residential appeal. The arrival of the chain stores thus presented a significant problem for the street. While they filled empty retail spaces, they threatened South Street's historic reputation for being out of the ordinary. Nearly all of these chain stores, however, have now closed—Blockbuster, Tower Records, Pearl Arts and Crafts, Pizzeria Uno, and more. The declining economy of 2008 and 2009 has taken its toll, and the biggest problem now is vacancies. While South Street is performing better than many competing retail strips, its vacancy rate in early 2010 was 12.5%.⁶⁹ As the economy improves over time, these vacancies will be filled—but by what sort of businesses? While more chain stores would certainly solve the vacancy problem, their return would also risk defining the street more and more as a youth center and potentially reigniting the van-

69. *See id.*

dalism and public disorder problems of the 1990s and early 2000s.⁷⁰ In contrast, South Street and the SSHD would benefit from emphasizing a pair of priorities that are unlikely to be met by chain stores: preserving South Street's historic, unconventional flavor and increasing the street's appeal to neighborhood residents. Vacancies offer an opportunity in particular to bring in more resident-oriented businesses. An increase in these businesses would have a dual benefit: it would diversify the street's customer base and simultaneously increase neighborhood goodwill.

VII. CONCLUSION

South Street has a particular identity and history that sets the stage for the SSHD's character and decisions. This identity carries structural force: it largely determines the kinds of activities in which the SSHD engages and the nature of the problems or conflicts the organization faces. Happily, the SSHD appears not to have many internal problems in terms of effectiveness, management, or satisfying its primary constituents. Ongoing changes in the nature of the street's retail mix, however, pose challenges for the future of the organization.

In addition, the organization has faced difficulties in its "foreign affairs"—in particular, its relations with other neighborhood groups. Conflicts with local residents, though they have not derailed the SSHD, pose the greatest risk to the organization's popularity, stability, and success in the future. Relations with external actors are a critical aspect of the success or functioning of any organization, and the SSHD may need to devote additional resources to improving these relations. In all likelihood, these resources are not financial, but political: better networking, improved communication, more openness, and cordiality. Of course, conflicts over different visions of the street and over the allocation of scarce governmental and organizational resources are likely to be exacerbated by the recent recession and ongoing economic difficulties. It will then be all the more important for the SSHD to build these resources and develop better connections with neighborhood residents in the coming years before the next reauthorization drive occurs in 2017.

70. See, e.g., Alfred Lubano, *2 More Injury Reports in South St. Flash Mob*, PHILA. INQUIRER, May 6, 2010, at B5 (describing a "flash mob" of two thousand youths on March 20, 2010, which was organized via the Internet and text messages and resulted in numerous attacks on pedestrians).