

CENTER CITY DISTRICT: A CASE OF COMPREHENSIVE DOWNTOWN BIDS

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I. INTRODUCTION

The Center City District (CCD) is one of the most comprehensive Business Improvement Districts (BIDs) in the United States—and possibly in the world—in terms of the size of its total revenues, the range of public services it provides, and the functions it fulfills. Its total revenues were \$18.8 million in 2009.¹ The services that the CCD provides span a wide range, from sidewalk cleaning to security to capital improvements. Its functions include land-use planning, marketing, and assisting in the creation of, and ongoing funding for, a community court.² This Case Study will describe the increasingly important roles BIDs play in metropolitan governance, and the macroeconomic conditions that led to the creation of hundreds of BIDs throughout the United States. This Case Study will specifically focus on the CCD's founding period, successes, and shortcomings.

II. METROPOLITAN GOVERNANCE AND BIDS

Legally, BIDs can be considered hybrids of special-purpose districts and special-assessment districts. A special-purpose district is established by a local or state government to provide a single or small number of closely related services—e.g., transportation, water supply, and sewerage.³ They are different from general-purpose governments because of the narrow range of services they provide. These districts are usually autonomous from the governments that established them, are governed by their own boards, and typically

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1. 2008–2012 *Plan and Budget for the Center City District*, CTR. CITY DIST. (Ctr. City Dist. & Cent. Phila. Dev. Corp., Phila., Pa.), May 2007, at 4 [hereinafter *CCD Budget Plan*], available at http://www.centercityphila.org/docs/2008_12planandbudget.pdf.

2. *Id.* at 1–4.

3. See Richard Briffault, *A Government for Our Time? Business Improvement Districts and Urban Governance*, 99 COLUM. L. REV. 365, 466–67 (1999).

finance their services by charging user fees and issuing bonds. Special-assessment districts are established by local governments to directly provide limited services, such as improving streets and sidewalks, to defined areas in their jurisdictions. Taxes are levied against property owners in the district to finance these services, but unlike property taxes, the amount levied is measured by the benefit that results from the improvement, not by the value of the property or the owner's ability to pay.⁴

However, BIDs are more than what these legal definitions suggest. They levy taxes in a manner similar to special-assessment districts, but operate more like special-purpose districts in that they have their own boards and management structures. Further, although state enabling laws typically subordinate BID management organizations to local governments, BIDs still enjoy considerable autonomy.⁵ More importantly, the range of services that BIDs provide is extensive. Over the years, state enabling laws have granted BIDs the authority to deliver services in an increasing number of areas, even when these functions were not explicitly delineated in the enabling laws.⁶ Consequently, BIDs, especially those that operate in wealthier commercial districts, have become "more like general-purpose governments."⁷ This Case Study refers to these as Comprehensive BIDs, of which the CCD is a primary example.

The management organization of BIDs is best described as a set of actors in their respective metropolitan governance networks.⁸ They are autonomous from governments but also interdependent with them. BIDs not only deliver services but also participate in determining policy goals and shaping policy patterns. The complex relationships that exist between the BID and other actors in metropolitan governance networks require that the BID leaders and managers possess unique political and leadership skills.⁹ The following descriptions illustrate the significant role that the CCD plays, its inter-

4. For an elaborate discussion of the definitions of special-purpose districts and special assessment districts, see *id.* at 414–20.

5. See *id.* at 419–20.

6. See *id.* at 440–42.

7. Göktuğ Morçöl & Ulf Zimmermann, *Metropolitan Governance and Business Improvement Districts*, in *BUSINESS IMPROVEMENT DISTRICTS: RESEARCH, THEORIES, AND CONTROVERSIES* 27, 42 (Göktuğ Morçöl et al. eds., CRC Press 2008).

8. Göktuğ Morçöl & James F. Wolf, *Understanding Business Improvement Districts: A New Governance Framework*, PUB. ADMIN. REV. (forthcoming 2011) (manuscript at 9) (on file with authors).

9. *Id.* (manuscript at 13).

dependence with other actors, and the importance that political leadership has played in its history.

III. MACRO TRENDS AND CHALLENGES

The economic stresses and subsequent decline experienced by many U.S. cities, particularly industrial cities in the Northeast and Midwest, have drained these cities of their populations and, thus, their tax bases. In turn, the loss of tax bases deprived them of adequate municipal services.¹⁰ The structural causes of this decline are found in the suburbanization process, which began in the late nineteenth-century and accelerated after the Second World War. The Reagan administration's abandonment of cities by depriving them of federal funds in the 1980s further accelerated the urban decline.¹¹

BIDs were a response to this decline, an effort to revitalize urban areas through self-taxation and self-governance by the owners of business properties. Changes in the political power structure in cities after the Second World War, after many businesses left cities for suburbs, influenced the particular form BIDs took. In this period "fewer captains of industry [have been] willing or able to play the old-style civic role. Leadership thus devolve[d] to a more diverse group, power [became] diffuse, and strategic alliances with other civic groups [became] the norm."¹² The "old-style civic role"¹³ refers to the direct political leadership exercised by business elites in cities in the early twentieth-century, as illustrated in various empirical studies.¹⁴ The diffusion of business interests and power created the structural conditions in which business leaders could lead only in collaboration with other political interests in the city. The interdependencies of BIDs with governments and other actors in metropoli-

10. See BERNARD H. ROSS & MYRON A. LEVINE, *URBAN POLITICS: POWER IN METROPOLITAN AMERICA* 48–52, 476–82 (John Beasley ed., 5th ed. 1996).

11. See generally Demetrios Caraley, *Washington Abandons Cities*, 107 *POL. SCI. Q.* 1 (1992) (discussing the decline of American cities in the 1980s).

12. Paul Levy, *Looking Backward, Looking Forward: The Future of Downtowns and Business Districts*, in *MAKING BUSINESS DISTRICTS WORK: LEADERSHIP AND MANAGEMENT OF DOWNTOWN, MAIN STREET, BUSINESS DISTRICT, AND COMMUNITY DEVELOPMENT ORGANIZATIONS* 413, 421 (David Feehan & Marvin D. Feit eds., 2006).

13. *Id.*

14. See generally FLOYD HUNTER, *COMMUNITY POWER STRUCTURE: A STUDY OF DECISION MAKERS* (1953) (discussing the power leadership patterns in the hypothetical Regional City); ROBERT S. LYND & HELEN MERRELL LYND, *MIDDLETOWN: A STUDY IN MODERN AMERICAN CULTURE* (1929) (discussing the societal trends with a hypothetical town named "Middletown").

tan regions referred to earlier have their roots in these structural conditions.

IV. FOUNDING OF THE CCD

Philadelphia, particularly its downtown, has felt the effects of the gradual economic decline and demographic abandonment since the mid-twentieth century, with city business leaders responding to this trend in various forms over time. Their efforts culminated in the creation of the CCD (initially called the Special Services District of Central Philadelphia) in 1990.

The figures in Table 1 display the demographic trends in the city and its metropolitan region. The demographics show that after 1950, the city steadily lost its population. At the same time, the population of the metro region continued to increase; thus, the city's share of the greater metro population declined as well.

TABLE 1: Population Trends in Philadelphia:
Metro Region and the City¹⁵

Year	Metro Region		City	Percent of City in Metro
1950	3,671,048	(SMA)	2,071,605	56.4
1960	4,342,897	(SMSA)	2,002,512	46.1
1970	4,817,914	(SMSA)	1,948,609	40.5
1980	5,547,902	(SCSA)	1,688,210	30.4
1990	5,899,345	(CMSA)	1,585,577	26.9
2000	6,188,463	(CMSA)	1,517,550	24.5

15. The source for the information presented in this table is FRANK HOBBS & NICOLE STOOPS, U.S. CENSUS BUREAU, DEMOGRAPHIC TRENDS IN THE 20TH CENTURY (2002), available at <http://www.census.gov/prod/2002pubs/censr-4.pdf>. Data in the "Metropolitan" column was obtained from Tables 1-3: "Ten Most Populous Metropolitan Areas: 1950 to 2000." *Id.* at 37 tbl.1-3. Note that "[t]he terminology used to describe this concept changed from census to census over the course of the century . . . [but] . . . for the purpose of this report, the term metropolitan area is used . . . to maintain consistency in terminology." *Id.* app. at B-4 (definition of "Metropolitan Area (Ma)"). Data in the "City" column was obtained from Table 4: "Total Population, Population Change, and Population Ranking for the Ten Largest Cities in the United States: 1900 to 2000." *Id.* app. at A-6 tbl.4.

The size and composition of the population in downtown Philadelphia changed in the late nineteenth and early twentieth centuries. As skilled and well-paid workers moved to Philadelphia's outer neighborhoods, the city's downtown population declined from 137,756 in 1860 to 55,859 in 1930.¹⁶ An increasing demand for downtown commercial space coupled with the construction of a regional rail system pushed residents out of the area.¹⁷ Downtown Philadelphia's residential population was replaced by daily commuters who were white-collar workers.¹⁸ To serve their needs and those of the companies they worked for, old houses were demolished and replaced with office buildings, department stores, hotels, restaurants, and theaters.¹⁹ By the 1930s, the downtown area was the primary locus of retail business activity in the city: 71.1% of total general merchandise sales, 58.4% of total apparel sales, 28.6% of total restaurant business, and 25.2% of total household furniture sales took place there.²⁰ This trend changed after the Second World War. The large companies that occupied the offices gradually moved to the suburbs and, for the most part, only shopping and entertainment businesses remained. As the remaining businesses gradually lost their revenues, and as residents and other businesses continued to migrate to the suburbs, the downtown lost its economic vitality.²¹

The Old Philadelphia Development Corporation (OPDC), established in 1956 as a private nonprofit corporation, was the first collective response of business leaders and public officials to the decline of the downtown area.²² The OPDC was the brainchild of the Greater Philadelphia Movement (GPM), which was formed in 1952 as an organization of "conservative but intelligent businessmen" concerned about the city.²³ The members of the GPM included old Philadelphia families, new and aspiring corporate leaders, and public bureaucrats.²⁴ Edmund Bacon, then city planning commission di-

16. SAM BASS WARNER, *THE PRIVATE CITY: PHILADELPHIA IN THREE PERIODS OF ITS GROWTH* 178 (2d ed. 1987).

17. ROBERT M. FOGELSON, *DOWNTOWN: ITS RISE AND FALL, 1880-1950*, at 21-24 (2001).

18. *See id.*

19. *See* WARNER, *supra* note 16, at 188-89.

20. *See id.* at 191.

21. *See id.* at 190-94.

22. *About Us: Central Philadelphia Development Corporation*, CTR. CITY DIST. & CENT. PHILA. DEV. CORP., <http://www.centercityphila.org/about/CPDC.php> (last visited Nov. 8, 2010) [hereinafter *About Us: CPDC*].

23. NEIL SMITH, *THE NEW URBAN FRONTIER: GENTRIFICATION AND THE REVANCHIST CITY* 122 (1996).

24. *See id.*

rector and a member of the GPM, actively pushed for the creation of the OPDC and Richardson Dilworth, then-mayor of Philadelphia, also fought hard for its creation.²⁵

In 1982, the OPDC changed its name to the Central Philadelphia Development Corporation (CPDC).²⁶ This was not merely a name change but an indication of the changing power dynamics in the metropolitan region. As businesses relocated away from the downtown area during the 1950s, 1960s, and 1970s, business-leadership organizations became regionalized.²⁷ The Greater Philadelphia First Corporation (GPFC) was established in 1982 as the organization of business leaders in the metropolitan region, and its leadership proposed to abolish the OPDC.²⁸ However, after several downtown business leaders insisted that there was a need for a separate downtown organization, it was re-organized as the CPDC.²⁹

As the decline of urban cores reached a new low in the 1980s, street crime, looting, and vandalism became pressing issues in downtown Philadelphia.³⁰ A looting incident in April 1985 highlighted this situation: according to some witness accounts, hundreds, or even thousands, of young people smashed windows and looted many stores on Chestnut Street for hours.³¹ The incident forced the city and business leaders to take action, not only because it caused tens of thousands of dollars worth of property damage, but also because its coverage by the national media created bad publicity for the city.³² Shortly after the incident, then-Mayor Wilson Goode organized a task force to address the situation and increase police presence.³³ At roughly the same time, the GPFC commissioned a study that recommended the creation of a special services district in Center City.³⁴ The resulting report was first released in December 1987 and then published in its final form in 1989.³⁵ Paral-

25. Gregory L. Heller, *Salesman of Ideas: The Life Experiences That Shaped Edmund Bacon*, in *IMAGINING PHILADELPHIA: EDMUND BACON AND THE FUTURE OF THE CITY* 19, 42–43 (Scott Gabriel Knowles ed., 2009).

26. See *About Us: CPDC*, *supra* note 22.

27. JOHN KROMER, *FIXING BROKEN CITIES: THE IMPLEMENTATION OF URBAN DEVELOPMENT STRATEGIES* 57 (2009).

28. See *id.* at 57, 61.

29. See *id.* at 61.

30. See *id.* at 58.

31. *Id.*

32. See *id.*

33. *Id.*

34. *Id.* at 64.

35. *Id.*

lled to the GPFC study, the Philadelphia City Planning Commission recommended the formation of a “downtown management organization” in its 1987 report entitled “Retail Strategy for Center City.”³⁶ Following up on this recommendation, the CPDC began actively working to get approval for such a district and organization by the city council.³⁷

A city ordinance incorporated the Special Services District of Central Philadelphia (SSDCP)³⁸ on March 28, 1990, as a municipal authority under the Pennsylvania Municipal Authorities Act of 1945.³⁹ The ordinance set a limit for the life of the SSDCP for five years.⁴⁰ Following approval by downtown property owners, the city council approved the plan and budget of the SSDCP with a separate ordinance on November 2, 1990.⁴¹

The founding of the SSDCP was not a straightforward process. It took determined and skillful political leadership to make it happen. There were skeptical business leaders, and the city council was deeply divided on the idea of a special-services district.⁴² If it were not for the political leadership of businessmen like Ronald Rubin, a real estate developer whose company owned the most rental properties in Center City, and the operational leadership of Paul Levy, the SSDCP might not have started or survived.⁴³

Between 1985 and 1990, business leaders launched a series of systematic campaigns to create a special-services district.⁴⁴ The CPDC was the organizational base of these campaigns.⁴⁵ While Peter Wiley, then executive director of the CPDC, Michael Dean, then chairman of the board of the CPDC, and Lewis Bluemle, then president of Thomas Jefferson University, were enthusiastic supporters of the idea of a special-services district, many downtown business owners resisted.⁴⁶ Rubin’s strong personal connections with the business owners helped break their resistance. He and other leaders

36. *See id.*

37. *See* LAWRENCE O. HOUSTOUN, JR., *BUSINESS IMPROVEMENT DISTRICTS* 186 (2d ed. 2003).

38. One year later, the SSDCP was renamed as the Center City District (CCD). *See id.*

39. Phila., Pa., Ordinance No. 727 (Mar. 28, 1990) (authorizing Articles of Incorporation of SSDCP).

40. *See id.*

41. Phila., Pa., Bill No. 1069 ex. A (Nov. 2, 1990) (approving the “Plan and Five Year Budget” for the SSDCP).

42. *See* KROMER, *supra* note 27, at 59–68.

43. *See id.*

44. *See id.* at 61–68 (describing the efforts of three campaigns).

45. *See id.* at 59.

46. *See id.* at 61–63.

held several informal meetings with many civic and business organizations in 1989 and 1990.⁴⁷ Two developments helped gain the support of key constituencies. First, the district organization allowed townhouse and condo owner-occupants to apply for an exemption from property assessments.⁴⁸ Second, because of the technical inability of the city Revenue Department to bill the property owners in the district, a common practice in most BIDs, a decision was made that the district would collect assessments directly.⁴⁹

Initially, roughly half of the seventeen members of city council were "opposed to or unenthusiastic" about the district idea.⁵⁰ To win the support of these members, the CPDC hired Nicholas Maiale as a consultant and launched an intensive lobbying campaign.⁵¹ Together, Rubin and Maiale met with each member of city council.⁵² Also, Mayor Goode's support for the district idea likely influenced some of the council members.⁵³ After a formal vote by the property owners, in which only 11% of owners objected to the formation of the district, most opposition on the council disappeared.⁵⁴ Eventually, a substantial majority of the council approved the ordinances that incorporated the SSDCP and approved its plans.⁵⁵ The city ordinance that incorporated the SSDCP also appointed representatives of various stakeholders in Center City (businesses, unions, and cultural and educational organizations) to its initial board.⁵⁶ Rubin was elected the chairman of the board.⁵⁷ Levy, formerly a senior administrator at a real estate development corporation affiliated with the University of Pennsylvania, became the executive director of the CPDC in March 1990.⁵⁸ In that capacity, Levy became involved in developing the CCD's operating plan and budget, and also became

47. *See id.* 63–64.

48. *See id.* at 66. Despite this opt-out provision, more than half (50–60%) of owner occupants chose to pay the CCD assessments between 1991 and 2004. In September 2005, the CCD board amended this provision, obligating all owner-occupants who purchased their unit after September 2005 to pay their assessments. E-mail from Paul Levy, President & CEO, CCD, to author (Jan. 26, 2010, 14:52 EST) (on file with author).

49. *See KROMER, supra* note 27, at 64.

50. *Id.* at 66–67.

51. *Id.* at 67 (Maiale is an attorney and ward leader who was formerly a Pennsylvania State Representative).

52. *Id.*

53. *See id.*

54. E-mail from Paul Levy, *supra* note 48.

55. *See KROMER, supra* note 27, at 67.

56. Phila., Pa., Ordinance No. 727 (Mar. 2, 1990).

57. *See KROMER, supra* note 27, at 60.

58. *Id.* at 68.

involved in the CCD's approval process. In January 1991, Levy resigned from the CPDC to become the executive director of the CCD.⁵⁹

V. FIRST YEARS OF THE CCD AND EXPANSION OF ITS FUNCTIONS

In the beginning, the CCD provided a limited number of services, but it quickly evolved into a Comprehensive Business Improvement District. Each time that the City of Philadelphia has re-authorized the CCD, the city has expanded the range of services provided or geographic area covered.⁶⁰ In 1990, the city ordinance that approved the district plan stated that it was to provide security, cleaning, and promotional services. The board took an incremental approach to expanding the SSDCP's service provisions, initially providing only cleaning and security services. In 1992, services were expanded to include marketing and promotion. In 1994, the city re-authorized the district for another twenty years and approved the issuance of bonds to fund streetscape improvements.⁶¹ Shortly thereafter, the CCD had one of the most ambitious streetscape programs in North America.⁶² In 1995, the city expanded the boundaries of the CCD during another re-authorization.⁶³ In 2004, the city re-authorized the CCD and provided for debt-service coverage through 2025.⁶⁴ In 2007, city council reauthorized operation of the CCD until 2012.⁶⁵

Currently, the CCD functions in a wide range of areas, including transportation, land-use planning, streetscape and infrastructure improvements, social services for the homeless, and operation of a community court. The CCD has actively promoted public transit and implemented projects to improve the accessibility and convenience of its use. Working in concert with the South Eastern Pennsylvania Transportation Authority (SEPTA), the Central Philadelphia Transportation Management Association (CPTMA), a transportation management organization closely aligned with the CCD, installed a sign system for the entrances to SEPTA trains and new information

59. *See id.*

60. *See* HOUSTOUN, *supra* note 37, at 188.

61. *Id.*

62. *Id.*

63. *Id.*

64. *See* CCD Budget Plan, *supra* note 1, at 1.

65. E-mail from Paul Levy, *supra* note 48.

panels at bus stops in 2009.⁶⁶ The CPTMA also initiated operation of "Phlash," a seasonal bus loop that connects major tourist destinations in the downtown area.⁶⁷ Further, working in cooperation with SEPTA and the Department of Public Property, the CCD expanded coverage of its cleaning services to include underground transit concourses.⁶⁸

The CCD conducted extensive planning, particularly in its later years in existence, which influenced city government and private organizations' investment decisions.⁶⁹ Primary examples are the 1996 "Turning on the Lights Upstairs"⁷⁰ report, the 2007 "Center City Design for Growth 2007-2012" report,⁷¹ and the 2010 "Transforming Dilworth Plaza" report.⁷² The CCD and CPDC retained design firms not only for the Dilworth Plaza project, but also for "a broad range of downtown enhancements."⁷³ Because it lacks authority to impose assessments to raise money for these projects, the CCD advocates and raises money from foundations and state and federal governments.⁷⁴

The CCD has engaged in a number of programs to improve the district. One of the CCD's most comprehensive projects is the Benjamin Franklin Parkway project.⁷⁵ The CCD promoted this project

66. *About Us: Central Philadelphia Transportation Management Association*, CTR. CITY DIST. & CENT. PHILA. DEV. CORP., <http://www.centercityphila.org/about/CPDC.php> (last visited Nov. 8, 2010) [hereinafter *About Us: CPTMA*].

67. *Id.*

68. *See CCD Budget Plan*, *supra* note 1.

69. *See KROMER*, *supra* note 27, at 72.

70. *Id.*

71. *Id.*

72. *See* CTR. CITY DIST. & CENT. PHILA. DEV. CORP., CENTER CITY REPORTS: TRANSFORMING DILWORTH PLAZA (2009), available at <http://www.centercityphila.org/docs/CCRDilworthPlaza2009.pdf>. Dilworth Plaza is named for Richardson Dilworth, former mayor of Philadelphia, and is a public space located on the west side of City Hall. The Dilworth Plaza Project aims to improve the versatility of the plaza by increasing use by the public and accessibility to a nearby transit station. *See id.*

73. CTR. CITY DIST. & CENT. PHILA. DEV. CORP., STATE OF CENTER CITY 2009, at 47 (2009) [hereinafter *STATE OF CENTER CITY*].

74. E-mail from Paul Levy, *supra* note 48.

75. The Benjamin Franklin Parkway (the "Parkway") is a road connecting the Philadelphia Museum of Art with the area surrounding City Hall. It was built in the early twentieth century. Prestigious museums and art and cultural centers are located along the Parkway. Although a major tourist attraction, for many decades, the public spaces and green areas along the Parkway were neglected and the area lacked desirable amenities such as cafés and retail establishments. The CCD launched a program in 1999 to improve the green spaces, install signage, and illuminate works of art and façades along the Parkway. *See HOUSTOUN*, *supra* note 37, at 196 (detailing the history of the Parkway and the CCD's projects); *About Us: Beauti-*

with the city government, planned for it, and constructed parts of it with its own funds and money raised through fundraising efforts.⁷⁶ Through this project, the CCD recently completed renovations to Three Parkway Plaza—a previously neglected green-space near Logan Square and one of the four major squares that was in William Penn’s original city design—and opened an outdoor café there.⁷⁷

The CCD deploys Community Service Representatives (CSRs) throughout the district to improve safety—they patrol the streets and work closely with the police department.⁷⁸ Also, a group of specially trained CSRs work to move homeless individuals to appropriate facilities and the CCD maintains a program to employ homeless individuals or assist them with finding employment.⁷⁹

The CCD established a community court in 2002, modeled after the Midtown Community Court in Manhattan.⁸⁰ It is supported financially and operationally by the University City District (another Philadelphia BID), the city and state governments, and the Pew Charitable Trusts.⁸¹ The court responds to quality-of-life crimes⁸² and assigns those who committed them to community service.⁸³ The community court also provides services, such as drug and alcohol assessments, anger management classes, and inpatient treatment.⁸⁴

VI. SUCCESSES AND SHORTCOMINGS OF THE CCD

The CCD is one of the most successful BIDs in the United States—if not *the* most successful.⁸⁵ Indeed, there are indicators that the CCD has been quite successful in its first two decades. One can interpret

ful, CTR. CITY DIST. & CENT. PHILA. DEV. CORP., <http://www.centercityphila.org/about/Parkway.php> (last visited Nov. 8, 2010) (detailing CCD’s projects).

76. See STATE OF CENTER CITY, *supra* note 73, at 38.

77. *Id.*

78. *Id.* at 40.

79. See *id.* at 40–42.

80. See *id.* at 42; HOUSTOUN, *supra* note 37, at 191.

81. See HOUSTOUN, *supra* note 37, at 191.

82. The community court adjudicates offenses such as “retail theft, summary offenses, criminal mischief/vandalism, graffiti, possession of an instrument of crime of graffiti, possession of an instrument of crime, theft from auto, disorderly conduct, theft of services, defiant trespass, possession of drugs or drug paraphernalia, thefts, obstructing the highway/panhandling/prostitution, and attempt or conspiracy to commit any of these crimes.” *Philadelphia Community Court*, U. CITY DIST., http://www.universitycity.org/ucd_programs/public_safety/community_court (last visited Nov. 8, 2010).

83. See STATE OF CENTER CITY, *supra* note 73, at 42.

84. *Id.*

85. See HOUSTOUN, *supra* note 37, at 197.

the fact that the CCD has been re-authorized for operations and debt-service coverage for four times as an affirmation of its success by the city council. Although somewhat mixed, for the most part, the indicators are that cleanliness, security, and general economic conditions improved in Center City as a result of the CCD's work.

Crime rates in Center City have dropped since 1993, and surveys of district residents and business owners in recent years consistently show over 60% satisfaction with cleanliness and safety.⁸⁶ The tripling of the number of outdoor cafés in the district between 2001 and 2009 may be an indication of the increased sense of safety among the residents and visitors of the district.⁸⁷ The crime rates in the district, however, were still higher than the rest of the city in 2006: the overall violent-crime rates were 360 per 1000 people for Center City and 65 per 1000 for the city as a whole; the rates of property-incidents were 322 per 1000 people in Center City and 52 per 1000 for the city as a whole; and the rates of crimes-against-persons were 38.72 per 1000 people in Center City and 12.66 per 1000 for the city as a whole.⁸⁸

The general economic conditions in Center City have improved in part because of the CCD. While the city's population has steadily declined since the 1950s,⁸⁹ the district's population has grown in the last forty years, and since 2000 the growth rate has accelerated.⁹⁰ Between 1997, when the tax-abatement program for residential units

86. See STATE OF CENTER CITY, *supra* note 73, at 42.

87. See CTR. CITY DIST. & CENT. PHILA. DEV. CORP., CENTER CITY REPORTS: SIDEWALK CAFES (2009); see also HOUSTOUN, *supra* note 37, at 196 (describing proliferation of shops with outdoor tables between 1990 and 2002).

88. Calculations were made by the author based on the data obtained from the University of Pennsylvania's Cartographic Modeling Lab. Compare Philadelphia NIS CrimeBase, U. PA. CARTOGRAPHIC MODELING LAB., <http://cml.upenn.edu/crimebase/> (click on "User-defined Neighborhoods"; then select "Zipcodes" under "Choose a Geography"; then click "Select areas from a List"; then select 19102, 19103, and 19107 and click "Add Location"; then click "Create Neighborhood Summary") (last visited Nov. 8, 2010) (utilizing the 2006 crime statistical data for the area encompassed by the CCD), *with id.* (click on "User-defined Neighborhoods"; then select "Zipcodes" under "Choose a Geography"; then click "Select areas from a List"; then click on all available zipcodes and click "Add Location"; then click "Create Neighborhood Summary") (last visited Nov. 8, 2010) (utilizing the 2006 crime statistical data for Philadelphia County). However, Levy notes that these numbers should be interpreted with caution: "[t]he limits of these calculations is that they are based on the residential population in the downtown—where there are also 250,000 employees, 10,000 to 20,000 visitors per day, students, shoppers, etc.—so it is worth thinking about a different denominator." See E-mail from Paul Levy, *supra* note 48.

89. See *supra* Table 1.

90. CTR. CITY DIST. & CENT. PHILA. DEV. CORP., RESIDENTIAL DEVELOPMENT 2009: RIDING OUT THE STORM 3 (2009) [hereinafter RIDING OUT THE STORM], available at http://www.centercityphila.org/docs/CCR09_Residential_FINAL.pdf.

was passed,⁹¹ and 2006, developers added over 8000 units to the district.⁹² The current recession hit urban areas hard, affecting the district as well. As a result, the number of housing units added per year has declined since 2006.⁹³ But the economic crisis generally affected Philadelphia's housing sector less than it did other cities.⁹⁴ The housing prices in Philadelphia as a whole dropped between 2006 and 2009 by 11.5%, which is lower than the decline experienced in New York City (20.9%), Washington, D.C. (33.3%), and Phoenix, Arizona (53.7%).⁹⁵ In Center City, the decline in housing prices was only 1%, and condominium prices have increased by 66% since 2006.⁹⁶ Furthermore, job losses in Center City were less than the national average,⁹⁷ due partly to the fact that Philadelphia in general, and Center City in particular, is more dependent on educational and health sectors for employment than most other major cities, which are affected less by economic downturns.⁹⁸

A BID's performance in attracting and retaining businesses to its district is obviously one of the most important indicators of its success. In 2008, the occupancy rates for office space reached 90% in Center City, compared to 85% in the Pennsylvania and New Jersey suburbs and 82% in Delaware.⁹⁹ Center City maintained its 28% share of the metropolitan region's office space, after dropping from a 41% market share in 1993.¹⁰⁰ This share of 28% is far lower than that of New York City (81%) or San Francisco (71%), but slightly higher than that of Atlanta (24%).¹⁰¹ Center City has experienced a steady growth in the number of retail establishments since 2005. The number of fine and casual dining restaurants, coffee and tea houses, bakeries, and grocery stores increased; the vacancy rates for retail

91. When it started in 1997, this program covered only conversions of old commercial and residential units into new residences. In 2000, it was expanded to all residential construction. Under this program, the tax assessment of a property is held at its pre-development level for ten years. See Lisa Chamberlain, *Tax Breaks Drive a Philadelphia Boon*, N.Y. TIMES, Jan. 8, 2006, § 11 (Magazine), at 1, available at <http://www.nytimes.com/2006/01/08/realestate/08nati.html>.

92. *Id.*

93. See STATE OF CENTER CITY, *supra* note 73, at 36.

94. *Id.*

95. See RIDING OUT THE STORM, *supra* note 90, at 3.

96. See STATE OF CENTER CITY, *supra* note 73, at 32.

97. See *id.* at 22.

98. See *id.* at 22–23.

99. See *id.* at 2.

100. See *id.* at 2, 5.

101. See *id.* at 5.

establishments decreased; and the number of available retail establishments increased as well.¹⁰²

The CCD is not solely responsible for these successes and shortcomings in Center City. It is easy to attribute the addition of 8000 housing units between 1997 and 2006 to the CCD's advocacy for the tax abatement program.¹⁰³ But who or what is responsible for the changes in crime rates and general economic conditions is less clear.¹⁰⁴

The CCD is organizationally intertwined with the CPDC and CPTMA,¹⁰⁵ so the outcomes of their activities are not separable. More importantly, in most of its projects, the CCD works closely with governmental and business organizations. The CCD's Community Service Representatives closely collaborate with the city police officers stationed within the CCD office.¹⁰⁶ The CCD also works closely with public and private law enforcement organizations through the Philadelphia Crime Prevention Council, which it coordinates.¹⁰⁷ The CCD also funds the community court and operates it collaboratively with governments.

It is also important to note that the CCD is financially intertwined with other organizations in the projects it implements. Like many other BIDs, the CCD leverages money from governmental and private sources for its projects. The CCD reported that "[s]ince 1997, the CCD has completed more than \$52 million of work on twenty different high-quality public space enhancements, in which every CCD dollar has been matched by \$1.25 in outside funding."¹⁰⁸ Of the

102. CTR. CITY DIST. & CENT. PHILA. DEV. CORP., CENTER CITY REPORTS: THE STATE OF CENTER CITY RETAIL 2009, at 4-6, available at http://www.centercityphila.org/docs/CCR2009_Retail.pdf.

103. See KROMER, *supra* note 27, at 70.

104. Conducting a multiple discriminant analysis, Lorlene M. Hoyt isolated the factors contributing to crime rates and showed that in Philadelphia's BID areas, the incidents of property crime, theft, and stolen vehicles were lower than in comparable non-BID areas. See Lorlene M. Hoyt, *Do Business Improvement Organizations Make a Difference? Crime in and Around Commercial Areas Around Philadelphia*, 25 J. PLAN. EDUC. AND RES. 185, 185-99 (2005). However, she did not find any differences in violent crime rates between the two kinds of areas. See *id.* Despite the important indications of her study, it still remains insufficient to establish a direct causal relationship between a BID's work and lower crime rates.

105. The CCD and CPDC "partially merged" in 1997, and currently the organizations are run by the same staff. See HOUSTOUN, *supra* note 37, at 187. The CPTMA is an organization that is only nominally separate from the CCD or the CPDC. See *About Us: CPTMA*, *supra* note 66.

106. See *About Us: Crime Prevention*, CTR. CITY DIST. & CENT. PHILA. DEV. CORP., <http://www.centercityphila.org/about/Crime.php> (last visited Nov. 8, 2010).

107. See STATE OF CENTER CITY, *supra* note 73, at 42.

108. *Id.* at 43.

sources of outside funding, the city is the most generous, with a total contribution of \$13.9 million between 1997 and 2008, which is followed by foundations with \$6.6 million, state government with \$3.8 million, “other donors” with \$3 million, and the federal government with \$1.75 million.¹⁰⁹ With such vast outside funding, it becomes clearer that the success in Center City does not belong to the CCD alone. However, it is also important to emphasize that the leadership of the CCD has been instrumental in bringing together these resources.

VII. CONCLUDING THOUGHTS

It is important to understand the history, evolution, and current state of the CCD, as this can also help us understand the current state of Comprehensive Business Improvement Districts and their potential contributions to metropolitan governance in the future. The CCD, like other BIDs, has been a response to the decline of urban cores. This Case Study illustrated that powerful business interests were behind its founding. Yet those interests alone were not enough to create the CCD; it took a dedicated and politically astute leadership to convince business owners and city leaders that a special services district was a good idea.

Also, the Case Study demonstrates that the CCD does not function in isolation. It is organizationally and financially intertwined with other organizations (i.e., the CPDC and CPTMA), local and state governments, and private donors and foundations; to that extent, the successes and shortcomings cannot be attributed to it alone. This is symptomatic of the interdependencies among the public, private, and quasi-public actors in metropolitan governance networks in the late twentieth and early twenty-first centuries. The successes or failures of metropolitan regions will not depend on the effectiveness of individual organizations, but rather, on the effectiveness of the governance networks.

109. *Id.* at 44.