Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict

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Abstract

This article examines the Neighborhood Transformation Initiative (NTI), Mayor John F. Street's plan to revitalize Philadelphia's distressed neighborhoods by issuing $295 million in bonds to finance the acquisition of property, the demolition of derelict buildings, and the assembling of large tracts of land for housing redevelopment. Despite its resemblance to the discredited urban renewal programs of the past, this plan offered real potential for reducing blight by leveraging substantial private investment at a time when public subsidies for affordable housing and community development have been steadily diminishing.

However, NTI did not promote equitable development that might have fostered broader support for an inherently controversial plan. Moreover, Street's initial leadership in proposing this bold initiative was followed by a reluctance to promote NTI aggressively after it was adopted in 2002. The result was a watered-down effort that achieved some goals but has fallen short of what might have been accomplished.

Keywords: Community development and revitalization; Land use; Urban policy

Introduction

In April 2001, Mayor John F. Street unveiled his Neighborhood Transformation Initiative (NTI), an ambitious drive to combat blight in Philadelphia. The proposed initiative would generate $250 million from the sale of general obligation bonds to address the physical consequences of long-term disinvestment and population loss, most notably almost 26,000 abandoned buildings and 31,000 vacant lots. The bulk of the proceeds would finance the demolition of 14,000 dilapidated structures, while another $35 million would be used to acquire properties, relocate residents, and prepare large parcels of land for developers to build a mix of market-rate and affordable housing. Additional bond proceeds would be earmarked for housing rehabilitation and neighborhood preservation. The funds raised from the bond sale would be supplemented by additional federal, state, and local funds that in turn would be used to construct and renovate 16,000 units of housing over the five years of the plan (Burton and Benson 2001).

The mayor's antiblight initiative quickly garnered the attention and praise of many scholars and policy analysts (Gurwitt 2002; Young 2001). Bruce Katz of the Brookings Institution, for example, commented that NTI is "one of the most innovative, thoughtful and provocative things I've seen" (Gurwitt 2002). NTI was viewed as bold and promising for a number of reasons:

1. It placed neighborhood revitalization at the top of the mayor's policy agenda, a significant shift in a city that for several decades had accorded a higher priority to downtown development.

2. Street supported his initiative with an unprecedented commitment of locally generated revenue.

3. NTI's formulation and implementation were to be guided by a sophisticated market analysis of the city's neighborhoods; rational planning—not political expediency—would drive policy.

4. Despite the opposition of powerful forces with a stake in maintaining the status quo, the mayor promised to transform government operations by consolidating the city's primary housing agencies and streamlining the redevelopment process.

At the same time, it was hard to overlook the fact that the initiative bore a striking resemblance to the urban renewal policies pursued by many U.S. cities during the 1950s and 1960s (Anderson 1964; Frieden and Kaplan 1975). Most prominently, the initial NTI budget revealed that over two-thirds of the funds raised from the bond sale would pay for the demolition of residential, commercial, and industrial buildings; the acquisition of land; the relocation of property owners; and the preparation of (preferably) large tracts of land for redevelopment. However, unlike urban renewal (at least as it was generally practiced), NTI would emphasize housing production in outlying residential neighborhoods, as opposed to the development of office buildings, parking garages, convention centers, and other civic structures in and around Center City, Philadelphia's downtown core. Still, it was not entirely clear who the primary beneficiaries of NTI would be. While the Street administration insisted that it would pursue a mix of market-rate and affordable housing, the proposed emphasis on leveraging private investment and population expansion, along with the relative lack of engagement with community development corporations (CDCs), suggested that, at least at the outset, market-rate housing, presumably for middle- and upper-middle-class individuals, would take priority.

I argue that the vision embodied in the original NTI plan offered real potential for reducing blight while at the same time stimulating considerable private investment at a time when public subsidies for affordable housing and community development had been diminishing. But the parallels to earlier urban renewal policies prompted activists and city residents to worry about the adverse impact of widespread demolition, evictions, and the gentrification of their neighborhoods (Lichtash 2005; Young 2002b, 2002e). In actuality, the similarities between NTI and urban renewal are overstated, although popular anxiety about the plan is understandable. Street should have anticipated the likelihood of political opposition and responded in two ways. First, he could have included additional elements to help ensure that neighborhood transformation would be an equitable phenomenon. Second, he might have matched the leadership he demonstrated at the policy formulation stage with aggressive leadership at the implementation stage. Since he did neither, the result has been a watered-down effort that achieved some goals but has fallen short of what might have been accomplished.

The sources for this case study include newspaper articles, government documents, and in-depth personal interviews with approximately two dozen city officials, developers, consultants, and community leaders. I begin with a brief literature review before considering the nature of blight in Philadelphia, as well as earlier efforts to deal with the problem. I then recount the formulation and implementation of NTI, analyze its strengths and weaknesses, and conclude by considering the lessons that can be derived from it for other U.S. cities.

Previous research

Scholarly assessments of models of community redevelopment in the United States generally begin with the urban renewal programs of the 1950s and 1960s. The explicit goal of Title I of the Housing Act of 1949 was to remedy a severe shortage of affordable housing in the nation's cities. Local redevelopment authorities would use their power of eminent domain to seize legal title to land in neighborhoods designated as "blighted," demolish dilapidated structures, and prepare sites for redevelopment by private residential developers. The federal government would subsidize up to two-thirds of the cost of land acquisition and clearance, thus providing a powerful financial incentive for city officials to rebuild their neighborhoods and construct new housing for the nation's rapidly growing population (Judd and Swanstrom 2006).

However, ambiguities in the statutory language and subsequent amendments pushed by a powerful coalition of public and private elites gave city officials the option of using these substantial federal subsidies for other, more lucrative forms of commercial and industrial development (Gelfand 1975; Mollenkopf 1983). Redevelopment initiatives soon concentrated on downtown business districts to the benefit of downtown business interests (Weiss 1980). Even when urban renewal efforts targeted residential development, the results were often harmful to current residents. Many neighborhoods deemed to be blighted were actually stable—even thriving—communities whose residents were evicted from their homes and relocated, sometimes to grim public housing projects in isolated and impoverished sections of the city. Some neighborhoods that experienced extensive demolition did not see any new development; the remaining residents were then subjected to blocks of vacant, rubble-strewn land that quickly became a magnet for dumping and other illegal activities. Finally, there was a distinct racial bias associated with urban renewal; a disproportionate percentage of the people who lost their homes and businesses were black (Anderson 1964). By the late 1960s, urban renewal projects had galvanized widespread community protest, prompting city officials to search for alternative approaches to neighborhood revitalization.

The sharp critique of urban renewal's emphasis on top-down planning and large-scale redevelopment articulated by Jane Jacobs (1961) was particularly influential in giving content to a new model of community development that stressed organic growth through small-scale initiatives. Rehabilitation, not demolition, became a guiding principle for a new generation of urban planners sensitive to the value of preserving the urban fabric. Moreover, redevelopment would be determined by community residents and stakeholders who presumably understood local problems better than professional planners did and would ensure that revitalization would accrue to their benefit. CDCs emerged to take the lead in promoting economic development opportunities, providing social services, and producing decent, affordable housing in neighborhoods where private investment had declined significantly. Funding came from a variety of public and private sources, although the federal government was typically the primary source (Stoutland 1999).

Some cities recognized the potential of CDCs as engines of community redevelopment and thus steered a significant portion of their Community

Development Block Grant funds, as well as some locally generated revenue, toward building the capacity of CDCs to take on more and more projects—and with impressive results. CDCs in Boston, for example, produced over 5,000 units of affordable housing under Mayor Ray Flynn in the 1980s (Dreier 1996). Since the mid-1970s, approximately 3,600 CDCs have constructed or rehabilitated over 550,000 housing units across the country (Bratt 2006).

However, even scholars sympathetic to the community development model acknowledge that while CDCs have achieved important successes in communities largely abandoned by private developers, their "production record… pales against the need for housing that is affordable to low-income households" (Bratt 2006, 342). The problem is CDCs' dependence on an inadequate supply of government subsidies (Bratt et al. 1998; Rubin 2000). Since the 1980s, massive cutbacks in federal assistance to cities in general and for housing in particular have had devastating consequences for community-based organizations that depend on public subsidies to pursue their goals (Dreier 2006). Although many CDCs adapted to federal retrenchment by finding alternative revenue, the need to engage in patchwork financing proved to be time-consuming and frustrating. The chronic shortage of resources has made it difficult to attract and retain talented staff, provide effective leadership, undertake adequate planning, and cover routine operating costs, all of which have contributed to CDC failures and downsizings (Rohe and Bratt 2003). At the same time, the increasing competition among CDCs for scarce funds has motivated many to place a heightened premium on technical expertise and production and a reduced emphasis on political advocacy and popular empowerment. This trend may help secure additional resources in the short term, but may undermine the capacity of CDCs to advance their interests over the long term (Stoecker 1997).

Some have attacked the community development model on more fundamental grounds, contending that the underlying objective of revitalizing distressed urban communities is flawed. According to this thinking, broad social and economic trends have fueled the decentralization of people and businesses away from central cities for decades. Attempts by government to counteract those powerful societal forces by seeking to reverse the decline of industrial neighborhoods are doomed to fail. The wiser course is to recognize the "new urban reality" and avoid place-based revitalization strategies in favor of people-based strategies that enable inner-city residents to take advantage of market opportunities wherever they are more plentiful (Lemann 1994; Peterson 1985). In this view, improving inner-city residents' access to jobs in the booming suburbs of metropolitan areas would be one promising approach (Kasarda 1990).

Other critics of the community development model are not so quick to give up on place-based revitalization strategies but insist that new policy initiatives must counteract more aggressively the growing concentration of poverty in inner-city communities—a condition that magnifies social pathologies related to poverty (Jargowsky 1997; Wilson 1987). Along with dispersing lower-income people to areas without concentrated poverty, deconcentration strategies attempt to attract middle- and upper-income people to what were struggling areas (Quercia and Galster 1997; Varady and Raffel 1995). With the adoption of the HOPE VI (Housing Opportunities for People Everywhere) program in 1992, the central theme of public housing reform became the razing of distressed projects to make way for lower-density, mixed-income development (Goetz 2003).

The shift toward mixed-income development entailed a return to cooperation with the private sector as a key partner in rebuilding the inner city. Public-private partnerships during the urban renewal era and then again during the downtown building boom of the 1980s had led to extensive scholarly criticism for enriching pro-growth interests and exacerbating urban inequality (Levine 1987; Squires 1991). But given the context of shrinking federal support for affordable housing programs, some maintained that enlisting the resources of the private sector was essential for revitalizing inner-city neighborhoods ravaged by concentrated poverty (Wylde 1999).

Although for-profit developers have shunned poor inner-city neighborhoods for decades, paradoxically, as conditions there have continued to deteriorate, the potential for leveraging private investment may have increased. Some of the most impoverished communities in U.S. cities now exhibit such high rates of abandonment that it may be feasible for city governments to acquire vacant properties and assemble large tracts of land for redevelopment. James R. Cohen describes how Baltimore has responded to its crisis of abandoned housing by adopting a comprehensive plan calling for "strategic demolition…in areas with good opportunities for land assemblage and redevelopment" (2001, 421). Under the plan, redevelopment will be carried out by a mix of nonprofit and for-profit entities resulting in a variety of residential, retail, and commercial uses. However, the plan is vague on the precise location of predevelopment activity and the timing of redevelopment.

The key issue that emerges from this literature review involves the role of the private sector in revitalizing distressed neighborhoods. Given the chronic shortage of federal funds to support public programs, does it make sense for cities to rely on private investment as the principal vehicle for overcoming blight and promoting redevelopment? For-profit entities that have long shunned the inner city can be expected to insist on more than just a streamlined development process and tax breaks; demands for large-scale land assembly including property acquisition, relocation of residents, and widespread demolition will likely be central to any redevelopment proposal. Should city officials and citizens even contemplate a return to core elements of the urban renewal programs of the past? Some scholars view such an approach as intriguing (Culhane and Hillier 2001), while others are skeptical of depending on private sector interests "concerned primarily with profit, not with social purpose" (Marcuse and Keating 2006, 151).

If a public-private partnership emphasizing land acquisition, demolition, and site preparation is deemed viable, then a host of additional issues arise. In cities with extensive blight, where should resources be allocated? Should scarce public dollars intended to leverage broader private investment be concentrated within a few neighborhoods or spread more widely throughout much of the city? Should public funds primarily support land-banking efforts for future redevelopment or redevelopment projects that are ready to start? Cities seeking to redevelop large stockpiles of vacant land have struggled to resolve such vexing spatial and temporal issues (Cohen 2001). Should decision making be guided by reliable data interpreted by skilled professionals, market forces, the residents of targeted neighborhoods, or elected officials who represent larger jurisdictions, if not the entire city (Jacobs 1961; Teaford 2000)?

Finally, who are the ultimate beneficiaries of a community development strategy that relies heavily on private sector investment? Is such a strategy likely to replicate the urban renewal programs that enriched developers and other elites while victimizing neighborhood residents and small business owners? Would such individuals once again be evicted and relocated to distant, poverty-stricken neighborhoods? Would land clearance result in desolate lots that mar community life for years (Keating 2000)? Alternatively, if land clearance does spark redevelopment, would the influx of market-rate housing lead to gentrification, as many studies have demonstrated (Bennett and Reed 1999; Smith 1996)? Or could a redevelopment strategy based on mixed-income housing, like the HOPE VI program, rejuvenate neighborhoods characterized by high concentrations of poverty and improve social and economic conditions for long-time residents (Boston 2005; Schill 1997)? An NTI case study may shed light on these issues while affording an opportunity to assess a revitalization strategy that deviates considerably from the community development model that has prevailed during the past three decades.

Blight in Philadelphia

Blight became a monumental problem in Philadelphia because of the decentralization of the region's employment and population base. Between 1967 and 1987, the city lost 160,000 manufacturing jobs—more than half of its entire industrial sector (Wilson 1996). The collapse of the city's manufacturing economy accelerated the process of suburbanization, which was already well under way by the 1950s. Philadelphia's population, which had peaked at 2.1 million in 1950, dropped steadily during the two decades after World War II before plummeting in the 1970s to 1.6 million and then continuing to fall. During the 1990s, Philadelphia experienced the third largest population decline in absolute terms of any U.S. city. (Baltimore was first, followed by Detroit.) The exodus of residents was particularly pronounced in inner-city neighborhoods where the closing of manufacturing plants devastated whole communities. Between 1950 and 1990, Lower North Philadelphia lost 60 percent of its population (Philadelphia City Planning Commission 1995).

The tragic consequences of de-industrialization and depopulation in Philadelphia have been well documented (Adams et al. 1991). Soaring unemployment and poverty within concentrated areas unleashed a host of economic and social ills including a rising incidence of alcohol and drug abuse, aberrant and criminal behavior, family breakdowns, and racial isolation (Bluestone and Harrison 1982; Wilson 1987). The most visible physical manifestation of disinvestment was a stunning increase in the number of abandoned buildings. In 2001, a city survey determined that there were 25,922 abandoned buildings and 30,730 vacant lots in Philadelphia (*Five-Year Action Plan* 2002). A Brookings Institution study of 83 U.S. cities by Pagano and Bowman (2000) found that Philadelphia had the highest number of abandoned buildings per capita of any city in the nation (36.5 per 1,000 residents). The proliferation of decaying row houses, boarded-up storefronts, and empty factories brought on by de-industrialization and suburbanization put strong downward pressure on property values, all but halted new private investment, and bred a variety of social pathologies (Philadelphia City Planning Commission 1995).

Like many other U.S. cities, Philadelphia attempted to control blight through the urban renewal program—with disappointing results. In most cases, redevelopment initiatives were concentrated in and around Center City, while citizens in struggling residential neighborhoods were either ignored or evicted and displaced to more remote parts of the city. The intense disruption caused by the demolition of thousands of homes and buildings, especially in Lower North Philadelphia, eventually provoked a backlash among citizens who had grown deeply suspicious of City Hall (Kinney and Benson 2000).

Popular resistance toward massive demolition and relocation eventually impelled Philadelphia to move in a very different direction with respect to housing and community development policy. Rather than trying to lure private developers by clearing and assembling sizable tracts of land, the city began to channel federal funds to CDCs that would rehabilitate existing housing while also developing economic opportunity within distressed neighborhoods (Teaford 2000). However, CDCs were hampered by an ever-shrinking federal financial commitment (Caraley 1992). Meanwhile, Philadelphia's fiscal condition worsened through the 1980s and into the early 1990s, thus precluding any significant local initiatives. After the city rebounded from its flirtation with bankruptcy, Mayor Ed Rendell focused his administration on promoting economic development, especially in Center City. Neighborhood revitalization was not ignored, but downtown development projects such as the nurturing of the Avenue of the Arts and the construction of Constitution Center at Independence Mall had higher priority (McGovern 1997). Given the reality of federal cutbacks and the city government's relative lack of attention to neighborhood redevelopment, community activists and housing and community development officials had no recourse but to embrace a gradualist approach to neighborhood revitalization.

John F. Street: The neighborhoods' mayor

With Rendell barred by term limits from seeking reelection, much speculation centered on the 1999 mayoral election. Given the long-standing decline of many of the city's neighborhoods and the perception that the Rendell administration had favored Center City with respect to major development projects, the time was ripe for a candidate willing to promote neighborhood interests. Street seemed to fit the bill. Active in North Philadelphia politics since the 1960s, he was elected to the city council in 1979 and became its president in 1992, at which time he developed a highly productive working relationship with Rendell (Kinney and Burton 1999; Quinones and Burton 1999). As a candidate for mayor in 1999, Street proposed a comprehensive antiblight initiative that would tackle the city's chronic problems with abandoned buildings and vacant lots. Citizens, community leaders, and policy experts took note when Street declared that he would finance such an initiative through the sale of city bonds to the tune of $250 million—a sizable sum that underscored his professed commitment to neighborhood revitalization (Hughes 2005a; McDonald 1999). His focus on inner-city blight resonated with the voters. In the November election, Street narrowly defeated Sam Katz, the Republican candidate; the overwhelming support he garnered within the city's black neighborhoods contributed to his victory (Bunch 1999).

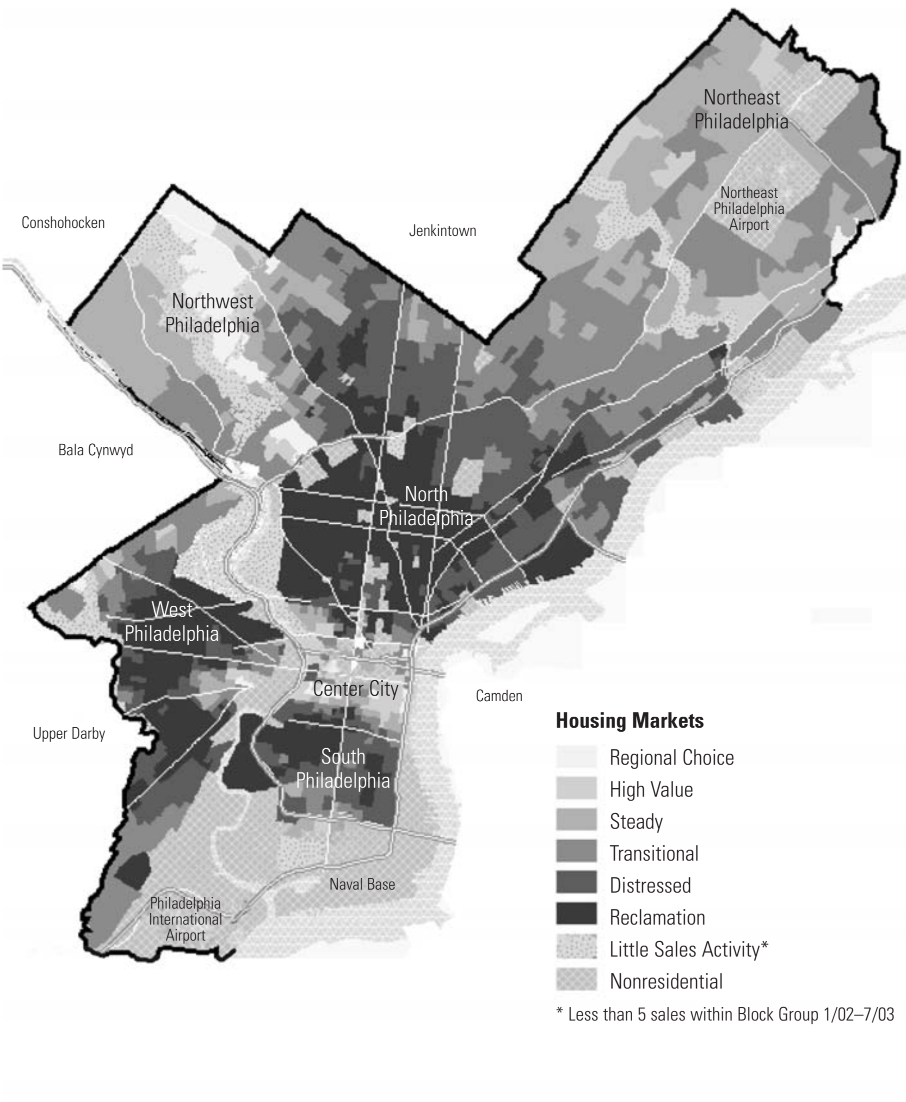
In March 2000, only three months after he was inaugurated, Street launched a massive effort to remove abandoned automobiles from the city's streets. During the ensuing 40 days, the city towed 33,318 cars. It was an impressive feat. Residents of distressed neighborhoods had grown accustomed to being a low priority at City Hall, but now there was hope that change was afoot (Kinney 2000).

At the same time, Street established a new office responsible for carrying out antiblight programs and housed it within the Mayor's Office to ensure close interaction with him and his chief of staff. In May 2000, he hired Patricia L. Smith to run the office, and she quickly began to exert her influence. Smith felt that while removing blight was central to the mayor's initiative, the administration needed to "create opportunities for redevelopment as well as eliminating blight" (2005). She therefore suggested replacing the phrase "antiblight initiative" with "neighborhood transformation initiative," both to cast the administration's efforts in more positive terms and to signal a stronger commitment to neighborhood redevelopment (Smith 2005). During the summer of 2000, Street and Smith attended numerous community meetings throughout the city to gauge the extent and impact of blight. Smith soon concluded that "we really need to get a better handle on…what's happening," and in September 2000, she persuaded the mayor to retain the services of The Reinvestment Fund (TRF), a Philadelphia-based investment and consulting firm concerned with lower-income communities, to carry out a detailed market analysis of the city's neighborhoods and to devise redevelopment policies that would be appropriately tailored to the specific needs of each community (Smith 2005).

TRF, led by its director, Jeremy Nowak, proceeded to create a complex database that included every neighborhood in the city and then classified neighborhoods into six distinct clusters based on market strength. Clusters were determined by such factors as vacancy rates, housing sale prices, owner-occupancy rates, housing age, demolition activity, and consumer credit profiles. At one end of the spectrum were regional choice neighborhoods, where the real estate market was the most vibrant. At the other end were reclamation neighborhoods, which exhibited major population loss, advanced physical decay, high vacancy rates, and low property values. The four market clusters in between were (in descending order) high-value/appreciating markets, steady markets, transitional markets, and distressed markets (Mayor's Office, Neighborhood Transformation Initiative 2001). Figure 1 displays a classification map of Philadelphia's neighborhoods based on TRF's analysis of market conditions.

Starting in January 2001, Street began to meet "intensively" with Nowak and TRF staff over several weeks to interpret the market analysis data and

Figure 1. TRF's Market Analysis of Philadelphia Neighborhoods



Source: Mayor's Office, Neighborhood Transformation Initiative 2001.

propose policy recommendations appropriate for each cluster (Nowak 2005). For instance, the government's role in regional choice neighborhoods would be limited to building on existing amenities such as universities and cultural institutions and marketing such neighborhoods on a regional and national basis.

Public policy in high-value/appreciating and steady neighborhoods would facilitate the functioning of a healthy market through vigorous code enforcement and infrastructure improvements to enhance street appeal. In transitional and distressed markets, government would respond more aggressively to any manifestations of physical deterioration through rapid encapsulation or rehabilitation of vacant structures, strategic site acquisition and land assembly, and pursuit of investment partnerships with neighborhood anchors. Finally, the public sector's role in reclamation neighborhoods would be the most far-reaching; to revive a market that had collapsed, government would pursue large-scale site acquisition and land assembly, including demolition and relocation (*NTI Roll-Out* 2001).

During their close collaboration between January and April 2001, Street and TRF also established a set of principles that would guide NTI policy making (Nowak 2005; *NTI Roll-Out* 2001):

1. NTI would be a *citywide* endeavor as opposed to one that simply targeted the most distressed neighborhoods.
2. Although the bond proceeds would be appropriated over five years, NTI would be a *long-term* proposition, an orientation reflected by the emphasis on property acquisition and land banking for future development.
3. NTI would be a *market-oriented* vehicle for community revitalization. Given the declining supply of public funds, a high priority was placed on using bond proceeds to leverage private capital. Therefore, Nowak advocated a growth-oriented investment strategy that would "build off of strength, not off of need" (Nowak 2005). That meant targeting scarce public resources to areas that were more likely to attract private investment.
4. Public policy under NTI would be *driven by the data*, not by political influence.
5. Finally, NTI would promote *government reform*; indeed, the reorganization of city government agencies related to housing and community development and the streamlining of the redevelopment process were considered to be preconditions for success (Nowak 2005; *NTI Roll-Out* 2001).

When Street presented his initiative to the public on April 18, 2001, most observers agreed that it offered a bold vision for community redevelopment (Burton and Benson 2001). For the first time in many years, the city would commit a substantial sum of its own resources—$250 million to be raised from the sale of tax-exempt and taxable bonds over a five-year period—to combat inner-city blight and promote neighborhood revitalization. That revenue would be allocated in the following manner:

1. $140 million for the demolition of approximately 14,000 abandoned buildings
2. $35 million for land acquisition, relocation of residents, and site preparation
3. $20 million for the demolition of large commercial and industrial buildings
4. $30 million to encapsulate 2,500 houses for future rehabilitation
5. $20 million for neighborhood preservation
6. $5 million to upgrade the city's information system related to property use and ownership

In addition to the $250 million in bond proceeds, the mayor promised to harness resources for other programs and capital projects to advance the overall goal of neighborhood transformation. Accordingly, a total of $1.6 billion would be earmarked over the next five years to support NTI, including almost $900 million in federal and state funds for housing programs and nearly $500 million for nonhousing capital projects related to eliminating blight (*NTI Roll-Out* 2001).

NTI's five-year goals were ambitious. Through encapsulation and demolition, the Street administration anticipated that the city's stock of abandoned buildings would be reduced by nearly 65 percent from almost 26,000 to 9,600. Moreover, NTI would result in the construction or rehabilitation of 16,000 housing units, a 130 to 150 percent increase over the current rate of production. A key assumption underlying this optimistic projection was that land assembly for redevelopment would not just benefit nonprofit providers of subsidized housing, but would also stimulate investment by for-profit developers of market-rate housing. Slightly more than half of the five-year, $1.62 billion housing development budget would be devoted to market-rate housing; the rest would be allocated to housing preservation initiatives and the construction of critical scale (minimum of 75 to 100 units) homeownership housing and subsidized rental housing. Finally, the Street administration predicted that its neighborhood revitalization program would not only halt the decades-long flight of residents out of the city, but would also lead to a 4 percent increase in the city's population by 2010 (Burton and Benson 2001; Dave Davies 2001; *NTI Roll-Out* 2001).

When NTI was unveiled, the general feeling of satisfaction that City Hall was at long last addressing neighborhood needs in a comprehensive and aggressive manner was tempered by concern over the details of the plan. In the first place, there was the unsettling resemblance to urban renewal. Demolition constituted by far the largest item in the NTI budget, and the sizable allocations for land acquisition and relocations raised the specter of forced evictions and displacement of long-time residents. Moreover, with such a high percentage of the bond proceeds allocated to demolition, acquisitions, and relocation, affordable housing advocates questioned the city's ability to reach its goal of 16,000 new housing units in five years. Given the explicit emphasis in the initial NTI plan on the need to "maximize private capital and minimize public dollars" (*NTI Roll-Out* 2001), many suspected that the only way for the administration to reach its ambitious target would be to rely on the widespread participation of for-profit residential developers, a strategy with ominous ramifications for lower-income residents of distressed neighborhoods. Despite assurances by the administration that it was committed to producing a balance of affordable and market-rate housing, community activists feared that the chief beneficiaries of NTI would be new middle-class residents (Lichtash 2005; *NTI Roll-Out* 2001; Sierra 2003).

The apprehension of some community leaders notwithstanding, Street threw himself into the challenge of persuading the city council to approve the NTI bond measure. He met frequently with council members to promote his vision of neighborhood transformation, even accompanying some of them on walking tours of blighted neighborhoods (Burton 2001a; Nowak 2005). After several months of lobbying and negotiating, the council voted 16 to 1 to authorize the Redevelopment Authority (RDA) to issue $295 million in bonds (more than the mayor had originally proposed) to finance NTI (Young 2002a).

Implementing NTI

Urban renewal redux?

In May 2002, the Street administration announced that it would spend $65 million of a total of $295 million raised from the sale of bonds during the first year of the program. Some $38 million (or 58 percent) would be used to demolish 2,000 of 7,371 dilapidated and dangerous residential buildings (*Fiscal Year 2003 Proposed Program Statement* 2002). This was consistent with the legal requirement that the bond proceeds could be used for demolition only when there was a threat to public safety. The vast majority of those homes would be vacant, but, inevitably, some homes targeted for demolition because of major structural defects would be occupied, and some residents would therefore need to be relocated (Smith 2006).

In addition to the public safety rationale for the demolition program, NTI officials viewed the city's high percentage of abandoned properties as a redevelopment opportunity. The mayor's chief of staff, Joyce Wilkerson, put it this way:

> Philadelphia's problem with abandonment is so big that it's also an untapped resource. If you were to aggregate all the vacant land in Philadelphia, you would have a land mass the size of Center City. Some of the neighborhoods are so devastated that you look around and realize, if you just took down the two or three buildings left standing, you would have acres. And we might really be positioned to do something with this land if we just get a handle on it. (Gurwitt 2002)

In other words, strategic demolition was deemed necessary to assemble large tracts of cleared, contiguous land for possible redevelopment. For the most part, this goal would be pursued by razing vacant buildings, especially on blocks where there was already a very high rate of abandonment. In cases where there might be only a handful of occupied structures left standing on an otherwise vacant block, the administration would use its eminent domain power to take those properties and clear the remaining land for redevelopment, relying on resources from the city's general fund (Smith 2006).

The first major demolition project was to take place in the Strawberry Mansion neighborhood of North Philadelphia. NTI officials explained their choice by noting that Strawberry Mansion had 1,845 abandoned properties—more than any other neighborhood in the city. Under the initial plan, 120 buildings would be demolished during the spring of 2002 (Burton 2002). But the Strawberry Mansion project was postponed until the summer and then again until the fall after community activists collected 240 signatures opposing the demolition of so many homes in their neighborhood. Many feared that they might be forced to relocate, while others wondered whether large-scale demolition would result in block after block of rubble-strewn desolation (Young 2002b). After a number of meetings with neighborhood residents, the Street administration decided to scale back its plan for Strawberry Mansion considerably by limiting demolition to a commercial corridor consisting of mostly abandoned stores (Benson 2002).

During NTI's first year of operation, a second major demolition project was planned for the West Philadelphia neighborhood of Mantua. Like Strawberry Mansion, Mantua was severely blighted, with approximately one-third of its properties vacant. The city planned to begin razing hundreds of buildings in March 2003. However, many Mantua residents voiced concern that the demolition would leave acres of debris-filled lots throughout their neighborhood for years to come (Francke 2003b; Young 2002e). Others complained that residents had not been given an adequate opportunity to work on the demolition projects (Young 2003a, 2003b). Community residents blocked demolition crews in March and then again in April while the administration rushed to allay anxiety over the impact of the plan and establish a job-training program that would enable neighborhood residents to participate in future demolition and construction projects (Davies 2003; Francke 2003a).

Neighborhood opposition to the administration's demolition packages in Strawberry Mansion and Mantua quickly provoked fears among residents of other neighborhoods. Given the large size of some of the demolition packages, many residents worried that NTI demolition crews would soon be heading to their blocks and believed that the city intended to raze not just abandoned and dangerous buildings, but numerous occupied homes and businesses as well. Anxiety over the prospect of forced evictions and mass relocations intensified, particularly among older residents who had not forgotten the hardships inflicted on them and their neighbors during the urban renewal era a few decades earlier (Young 2002e).

Street and his top advisors acknowledged early on that relocations would be an unavoidable consequence of attacking blight (Young and Latty 2001). But when NTI was introduced in 2001, it was conspicuously vague on issues such as the anticipated number of relocations, their expected cost, and procedures for moving residents and business owners to new locations (Paul Davies 2001).[1] The absence of clear guidelines on how to approach the thorny issue of relocations soon caused problems as the administration moved forward with its first demolition projects in Strawberry Mansion and Mantua. Some residents complained that the city had never notified them of its plans to seize their homes. Others received formal notices, but could not read them because they were written in English, not their native Spanish. Still others asserted that the city should have sent representatives to their homes to explain what would happen to them (Twyman 2003b; Young 2003d). The threat of being evicted and relocated led one citizen to declare: "The politicians and the greedy money people, they don't care about people and how they affect their lives" (Twyman 2003b, B1).

Citizen opposition to the first two NTI demolition packages prompted the Street administration to make policy adjustments (Fleming 2003; Young 2003c). Most important, it sharply curtailed the demolition of homes and busi-

[1] Before NTI, the RDA typically relocated 60 to 90 households a year at a cost ranging from $20,000 to $50,000 per household. Although the Street administration did not specify how many relocations would be needed under NTI, some knowledgeable observers put the figure at 2,000 over a five-year period, which translates to a total cost of $40 to 100 million (Paul Davies 2001).

nesses. When demolitions of occupied homes were considered necessary, the administration implemented new procedures to ensure that all residents who would be relocated were entitled to full benefits under the federal Uniform Relocation Act and that city staff would help households obtain alternative housing within the same neighborhood whenever possible. Further, the administration improved the notification process, required personal conferences between city officials and households that needed to be relocated, and hired two bilingual workers to help Spanish-speaking citizens move (Twyman 2003a, 2003b). Finally, city officials resolved to devote more time to community outreach to clarify the goals and procedures of NTI and thus minimize misunderstanding about the extent of planned relocations.

These policy changes succeeded in alleviating unease about the threat of eviction and forced displacement. Community-based protest against NTI all but disappeared following the incidents in Strawberry Mansion and Mantua. However, the Street administration paid a price for securing peace in the neighborhoods. Scaling back the number of demolitions and relocations diminished the city's capacity to assemble large tracts of contiguous cleared land for redevelopment—one of the principal goals of NTI.

Moreover, the administration encountered another problem with its demolition program. It soon discovered that it had seriously underestimated the cost of demolitions. It had initially estimated the average cost of razing residential buildings at \$11,500 per unit. By the end of NTI's first year, the administration was compelled to nearly double that cost to \$22,000 per unit, an adjustment that it attributed to the need for expanded community outreach and changes in the contractor bidding process (*Fiscal Year 2004 Proposed Program Statement* 2003). The combination of delays caused by neighborhood protests and higher-than-expected costs led to disheartening results for fiscal year (FY) 2003. While the administration had projected 2,000 residential demolitions during that period, only 350 actually took place. In its *Fiscal Year 2004 Proposed Program Statement and Budget for NTI Bond Proceeds* (2003), the administration lowered its projected number of demolitions over the five-year NTI period from between 11,000 and 14,000 to between 7,000 and 8,000.

Targeting neighborhoods for transformation?

While NTI's early performance with respect to demolitions was disappointing, the outlook for property acquisition was brighter. In FY 2003, the RDA approved the taking by eminent domain of over 5,000 parcels (Sierra 2005). To put this in context, before NTI was implemented, the RDA seized only about 200 properties a year. At the same time, the administration more than quintupled its five-year acquisition budget from $14 million to $74 million, thus making land acquisition, as opposed to demolition, NTI's largest expenditure (*Fiscal Year 2004 Proposed Program Statement* 2003). The change in budgetary priorities away from demolition, particularly of occupied buildings, and toward acquisitions had the effect of lowering the likelihood of community-based protest. The policy shift also had ramifications for the spatial and temporal distribution of NTI dollars.

Regarding spatial distribution, some commentators argued that while $295 million in bond proceeds constituted an unprecedented commitment of locally generated revenue on behalf of neighborhood revitalization, such a sum really did not amount to a pot of gold given the magnitude of poverty and blight in Philadelphia. According to this perspective, should the administration decide to cast a wide net and attack blight in communities all over the city, the money would soon be squandered. Put differently, if Street were to attempt to solve all neighborhood problems, he would inevitably fail to solve any. The wiser course was to concentrate scarce resources in the most distressed neighborhoods to ensure the biggest bang for the buck (Hughes 2003).

The opposing perspective was best articulated in a study titled "Blight Free Philadelphia," which was conducted by the Eastern Pennsylvania Organizing Project (a coalition of religious and community groups) and Temple University's Center for Public Policy (2001). The study warned that blight had spread throughout the city. More specifically, researchers found that in 2000, 25 percent of all residential blocks had at least one abandoned house and that 300,000 city residents lived on blocks with an abandoned house. The number of vacant lots and abandoned houses jumped from about 39,000 in 1984 to about 60,000 in 2000, and that rise was evident across broad sections of Philadelphia, with some of the most rapid increases taking place in once stable working-class neighborhoods. Most ominously, the study determined that many neighborhoods that had exhibited evidence of incipient blight in 1984 were experiencing extensive blight 16 years later. A key policy implication was that incipient blight—a citywide problem—required a citywide solution. It therefore recommended the creation of blight-free zones in all 10 city council districts while specifically criticizing the notion of fighting blight in concentrated areas (Eastern Pennsylvania Organizing Project and Temple University, Center for Public Policy 2001).

The Street administration had anticipated the issue of the spatial distribution of NTI resources. TRF's market analysis offered a rational, data-driven formula for allocating resources mainly on the basis of the incidence of vacant property. Since blight, whether in an incipient or advanced form, could be detected in virtually all neighborhoods, NTI would distribute resources throughout the city. The political advantages of pursuing a dispersal strategy were not lost on the mayor. For one thing, such a strategy helped him win city council authorization of the bond issue by offering NTI resources to each member; many of them had made it clear that they expected significant attention to their district (Burton 2001b). More broadly, Street used NTI brilliantly during his 2003 reelection campaign to convince voters that his administration was committed to revitalizing *all* of the city's neighborhoods, an argument that reinforced his image as a neighborhood-oriented mayor. NTI became a popular program among residents who believed that City Hall was finally paying attention to them (Fitzgerald 2003).

But closer inspection reveals that despite the rhetoric on dispersed spending, the administration initially intended to channel the bulk of NTI funds toward neighborhoods characterized by high concentrations of abandoned buildings and vacant lots. As early as the fall of 2000, the mayor had circulated a discussion paper to the city council indicating that his administration would allocate NTI money to all neighborhoods experiencing blight, whether in an early or advanced stage. However, that paper also demonstrated that spending patterns would *not* be balanced. Approximately $3 would be invested in the most distressed neighborhoods for every $1 that would be spent to stabilize neighborhoods with incipient blight (McDonald 2001).

Determining which of Philadelphia's many distressed neighborhoods would attract the bulk of NTI resources would be based on three criteria: "safety, economy of scale, and development opportunities" (Smith and Nowak 2001). The first criterion confirmed that antiblight efforts would focus on neighborhoods with the highest concentrations of structurally dangerous buildings. The latter two criteria suggested that the administration would pursue "strategic demolition" and property acquisitions where it could "create development opportunities" (Smith and Nowak 2001).

The first two neighborhoods to attract a substantial infusion of NTI funds for demolitions and acquisitions satisfied these three criteria. Strawberry Mansion was a blighted community located in Lower North Philadelphia, just north of gentrifying neighborhoods in Center City and adjacent to Fairmount Park, the city's largest park. The West Philadelphia neighborhood of Mantua was similarly saddled with a high concentration of abandoned properties, having suffered a 60 percent loss in population since 1960. But like Strawberry Mansion, Mantua offered distinct locational advantages because of its proximity to University City, Drexel University, the University of Pennsylvania, and the city zoo, all of which would presumably interest private residential developers (Francke 2003b; Young 2002c). Mantua's amenities were evident to Street as well. During his media tour of city neighborhoods following his unveiling of NTI in April 2001, he became noticeably animated when passing through Mantua. He remarked, "This is one of those areas that the moment we do a large development, the market is going to go to work. This borders the zoo, it borders the park. It's precisely the kind of area that could really turn into a great, positive community for our city" (Twyman 2002, A1). In sum, NTI dollars would be concentrated in neighborhoods characterized by high levels of abandoned buildings, where the administration could exploit economies of scale by acquiring numerous properties and assembling large parcels to convey to residential developers that would recognize the opportunities associated with the prepared sites.

During the first two years of NTI, however, two factors prompted the administration to move away from the concentration strategy. First, by retreating from its ambitious demolition plans, the administration undermined its capacity to assemble sizable, contiguous parcels and thus diminished the redevelopment potential of sites. Second, property values in targeted neighborhoods like Strawberry Mansion and Mantua were rising rapidly, partly because of the influx of NTI resources, but mostly because of the booming Center City real estate market. The city's adoption in 1997 of a 10-year property tax abatement for the conversion of nonresidential properties to residential use and then the extension of the law two years later to new residential construction had sparked a sharp increase in demand for Center City housing by young professionals and empty-nesters. Housing prices climbed steadily, first in Center City and then in surrounding neighborhoods (Center City District and Central Philadelphia Development Corporation 2002). Consequently, property acquisitions in neighborhoods that fit the NTI criteria (extensive blight and marketable potential) became increasingly expensive, motivating the administration to consider pursuing more of a dispersal strategy with respect to the allocation of acquisition funds.

In 2003, NTI planners assembled an Interagency Acquisition Review Team that consisted of representatives from each of the city's key housing and redevelopment agencies.[2] It selected, in consultation with district council members, six so-called Acquisition Zones that would attract a substantial portion of the overall land acquisition resources (see figure 2). Two of the zones would be Strawberry Mansion and Mantua, where considerable acquisition and demolition were already under way. A third zone was located in Sharswood, a neigh-

[2] The Interagency Acquisition Team was composed of individuals from the Mayor's Office, the City Planning Commission, RDA, the Office of Housing and Community Development, the Philadelphia Housing Authority, the Empowerment Zone, the Commerce Department, and the Philadelphia Industrial Development Corporation.

Figure 2. NTI Acquisition Zones in Philadelphia

Note: Map prepared by Laurie Allen, Social Sciences Data Services Librarian, University of Pennsylvania.

borhood that was adjacent to Strawberry Mansion and shared many of the same positive and negative features. The other three zones—the Cecil B. Moore neighborhood, Logan Triangle, and Tioga—are also in North Philadelphia but are noticeably removed from the flourishing Center City market. Although these neighborhoods are more dispersed geographically, they still meet the basic NTI criteria. The Interagency Acquisition Review Team selected the Cecil B. Moore neighborhood because of its proximity to Temple University and a major subway line, as well as the fact that the area had been the recipient of a grant to build 230 homeownership units in 1997.

Logan Triangle was deemed suitable because dozens of row houses in the area had already been demolished in the 1990s after it was determined that poor soil conditions threatened their foundations. Engineers concluded, however, that the vacant lots could support retail and commercial businesses, an appropriate land use given that a major boulevard runs through Logan. Finally, Tioga, with its natural barriers and good access to transit networks, was well suited to commercial and industrial development since it was already home to a number of prominent manufacturing firms and warehouses and offered an abundance of vacant land, thanks in part to a high level of demolition. NTI officials believed that industrial expansion would also rejuvenate the surrounding residential neighborhood with an influx of employees wishing to live near their jobs (Califano 2005; Smith 2005).

The shift from a concentrated to a somewhat more dispersed strategy with respect to acquisition dollars also had ramifications for the timing of future redevelopment. By moving acquisition resources away from neighborhoods near the red-hot Center City market and toward the blighted Acquisition Zones where private investment had been moribund for decades, the administration was essentially settling for a long-term redevelopment strategy, at least with respect to market-rate housing. NTI officials would purchase as many abandoned properties as possible within the Acquisition Zones, but refrain from acquiring and demolishing occupied properties and wait for a market to develop. This was an explicitly stated land-banking policy (*Fiscal Year 2004 Proposed Program Statement* 2003). In the meantime, the administration would strive to maintain the expanding inventory of vacant land while encouraging the construction of subsidized housing whenever funding from traditional sources was available (Fisher 2005).

Although the Street administration decided to follow a more long-term approach to fostering redevelopment in some neighborhoods, it was also prepared to move more aggressively when a specific developer with a viable redevelopment plan and solid financial backing demonstrated an interest in a distressed neighborhood. To accommodate such developers, the Mayor's Office, Neighborhood Transformation Initiative, established another category separate and distinct from its Acquisition Zones called "Specific Development Projects." The administration would help developers that were ready to proceed to acquire property and clear land to facilitate an appropriate redevelopment project. By far the most prominent example was the Westrum Development Company's 2003 proposal to build 300 market-rate town houses ranging in price from $150,000 to $300,000 in the Brewerytown neighborhood of Lower North Philadelphia, adjacent to Fairmount Park and just north of the gentrified Art Museum area but just south of the distressed Strawberry Mansion neighborhood (see figure 2) (Hill 2003).

The Street administration viewed the Brewerytown redevelopment proposal as a nearly ideal NTI project. A private developer was willing to invest its own resources to buy up mostly industrial land in one of the city's most devastated reclamation neighborhoods and build an essentially new community of market-rate town houses that would add value to the surrounding neighborhood and spur additional investment. The administration stepped in to acquire a few dozen parcels that Westrum had been unable to obtain on its own and then sold those parcels to the developer at fair market value (Califano 2005). This was a case of using NTI effectively to leverage substantial private investment from a prominent developer that had become intrigued by opportunities in Philadelphia after having been frustrated by the increasingly high costs and expanding regulatory burdens associated with building in the suburbs (Rosenthal 2005). Robert Rosenthal, a Westrum vice president, said that Street was "ecstatic" about the project and recalled that when the mayor appeared at the opening of the first dozen town houses in May 2005, he exclaimed:

> This is phenomenal. This is exactly what I had envisioned. It's hard to believe. I've been asking for this for 20 years. And to see this actually happen is phenomenal. Westrum did this with their money. They didn't ask for money. Every house around here appreciated. Just do the math as to each one of these houses that went up. (2005)

With the Brewerytown project under way, the administration stepped up its efforts to entice other for-profit developers of market-rate housing to undertake similar projects in distressed neighborhoods with marketable potential. Leveraging private investment was a paramount goal of NTI and so replicating the Westrum project became a priority. Given the strong Center City real estate market, it was reasonable to expect that other private developers might soon follow Westrum's lead and test the waters in distressed neighborhoods just beyond the downtown core (Young 2002d). The administration stood ready to facilitate such development with NTI bond proceeds for acquisitions, demolitions, and site preparation.

Since 2003, however, no residential developer comparable to or larger than Westrum has proposed a project in any lower-income neighborhood, choosing instead the safer course of building luxury condominiums in Center City or along the burgeoning Delaware River waterfront while continuing to keep an eye on the Brewerytown project (Califano 2005). The Specific Development Projects that have benefited directly from NTI acquisition and demolition dollars have been relatively small market-rate projects or larger subsidized housing developments by CDCs or the Philadelphia Housing Authority (Gray 2005; Long 2005). Yet the Street administration maintains that NTI in general has helped instill greater confidence in the long-term prospects of the city's neighborhoods and that private developers are taking note. Westrum's Rosenthal agreed that NTI "did give us the feeling that the city was going in the right direction, that they had a mayor [who] wanted market-rate housing, which is what we do for a living….People started to realize that there was a shot for getting housing back into the city" (2005).

NTI's beneficiaries

Another controversial issue to emerge as NTI was implemented involved the all-important question of which groups stood to benefit from redevelopment. From the start, affordable housing advocates viewed NTI suspiciously, wondering if it, like the urban renewal programs of the past, was primarily an instrument to promote private development on behalf of middle- and upper-income groups. They pointed to language in the original NTI documents highlighting the need to minimize public subsidies while maximizing private investment and the heavy emphasis on predevelopment activities, as opposed to neighborhood preservation and the construction of affordable housing (*NTI Roll-Out* 2001). Furthermore, many CDC leaders felt marginalized with respect to the formulation and early implementation of NTI. Finally, they viewed the administration's zealous pursuit of for-profit developers of market-rate housing as further evidence that the interests of lower-income residents were being slighted (Gray 2005; Sierra 2005). Activists, therefore, lobbied hard for increased resources for housing rehabilitation and neighborhood preservation, often using NTI to galvanize their organizing efforts (Bahadur 2003; Francke 2003c; Lichtash 2005).

The Street administration always claimed that it was pursuing a balanced approach to redevelopment that would feature market-rate *and* subsidized housing opportunities, and from the start, bond proceeds were used to fund a variety of neighborhood preservation programs involving predatory lending and expanded housing counseling (Smith 2006). Moreover, as time passed, the administration, perhaps in response to pressure from the Philadelphia Association of Community Development Corporations and other affordable housing advocates, began to work more closely with CDCs and actively supported a number of subsidized housing projects with acquisition and demolition dollars (Sierra 2005).[3]

In addition, the administration embraced the concept of mixed-income development by trying to ensure that market-rate housing projects would be complemented by new affordable housing initiatives. Again, a good illustration of this involves the Brewerytown project. Westrum had initially wanted to build only market-rate town houses that would sell for between $150,000 and $300,000 in a neighborhood where homes were valued at $30,000. As a way of ensuring some diversity in new housing opportunities in Brewerytown, the administration suggested that Westrum partner with Pennrose Properties, another for-profit developer that specialized in tax credit projects. Pennrose Properties soon agreed to renovate part of a large abandoned warehouse adjacent to the Westrum site by building 61 affordable rental units and moving its headquarters from the suburbs to the Brewerytown site as well (Califano 2005).

The administration further contributed to the mixed-income nature of the Brewerytown redevelopment by increasing funds for facade improvements and basic systems repair grants for neighborhood residents (Califano 2005). Finally, the administration attempted to firm up its avowed commitment to existing residents by increasing allocations for neighborhood preservation and affordable housing programs in the NTI budgets for FYs 2004, 2005, and 2006 and backing the creation of a housing trust fund with a one-time grant of $1.5 million from NTI bond proceeds and a doubling of the mortgage recording fee that will provide an estimated $11 to $15 million per year for affordable housing programs. Half of this will be targeted to households earning $30,000 a year or less (Fisher 2005).

Community groups and affordable housing advocates generally perceived these measures as steps in the right direction, but maintained that the administration should be doing still more to improve housing conditions for existing residents. Others expressed serious concern over NTI's role in exacerbating gentrification, a process that was already under way in many Philadelphia neighborhoods due to the flourishing Center City market (Eichel 2002).

[3] For example, Rose Gray, Executive Director of Asociación de Puertorriqueños en Marcha, stated that NTI funds were used to acquire land, demolish properties, and relocate residents in conjunction with the Pradera II project, which will consist of 55 units of single-family and twin homes (2005). Melissa Long, Executive Director of PEC–CDC, noted that NTI resources helped purchase 67 properties to prepare a site that will result in 50 units of affordable rental housing and a new community center (2005). Jacob Fisher of the Mayor's Office, Neighborhood Transformation Initiative, confirmed that NTI bond proceeds supported land acquisition and site preparation for the Cecil B. Moore homeownership development, the Jefferson Square homeownership development, and the Philadelphia Housing Authority development at Mill Creek (2005).

Despite the mixed-income nature of redevelopment in Brewerytown, for instance, some residents there feared that Westrum's market-rate town houses would transform the neighborhood in ways that would eventually displace lower-income residents. Local activists warned that City Hall was more concerned about attracting affluent new residents to the neighborhood and boosting the tax base than protecting the interests of long-time residents (Lichtash 2005). Their activism resonated with at least some residents and even certain members of the city council, who reportedly became increasingly wary of supporting market-rate housing proposals in lower-income communities (Rust 2005).

City officials generally downplayed alarms about gentrification. Some questioned the extent to which gentrification was even occurring in distressed neighborhoods like Brewerytown and insisted that careful examination of actual housing trends was warranted before contemplating significant changes in policy. Others noted that property assessments in such neighborhoods were already so low that many homeowners were paying less than $300 a year in property taxes; even if an influx of market-rate housing led to higher assessments, the resulting tax increases would still presumably be manageable for most residents. The administration also stressed that senior citizens who were homeowners and earned less than $14,500 ($17,700 or less for a married couple) were eligible for a real estate tax freeze. As for other residents, the administration expanded efforts to educate citizens about the availability of home repair loans and grants. Finally, NTI officials insisted that they were implementing measures to support housing rehabilitation and the construction of affordable housing (Califano 2005; Smith 2005).

These responses to gentrification fears did not satisfy community activists, who increased pressure on the Street administration to take more assertive steps. NTI officials thus proposed a new initiative in the *Fiscal Year 2006 Proposed Program Statement and Budget for the NTI Bond Proceeds* (2005). The Equitable Development Strategy would collect and analyze data to determine exactly where rising property values might be fueling real estate speculation and displacement. It would also step up efforts to educate homeowners about their options when faced with increased property tax assessments. In addition, the Equitable Development Strategy would continue to support loan and grant programs to assist homeowners in gentrifying areas and otherwise promote affordable housing opportunities. The pilot program would receive $2.17 million in its first year (*Fiscal Year 2006 Proposed Program Statement* 2005). It remains to be seen whether this initiative will alleviate concerns over gentrification in neighborhoods near Center City.

Analyzing NTI

Is NTI essentially a return to urban renewal? In one key respect, the answer is no. By the time NTI was introduced in 2001, conditions in Philadelphia's distressed neighborhoods had changed in far-reaching ways. Extensive disinvestment and depopulation had utterly devastated many of the poorest neighborhoods. These were not the struggling, but essentially thriving, working-class communities that fell victim to the wrecking ball in the 1950s and 1960s. Rather, neighborhoods like Strawberry Mansion, Mantua, and Sharswood had become mere shells of their former selves, characterized by astonishingly high residential vacancy rates, commercial corridors with few (if any) stores still open for business, and a collapse of civic and institutional life. In short, there was little chance that NTI would destroy a well-functioning neighborhood. That had already happened. Consequently, many residents of the most distressed neighborhoods yearned for drastic measures, including the demolition of abandoned buildings that invited illicit activity, undermined property values, and sometimes posed a serious threat to personal safety (Fitzgerald 2003; Young and Latty 2001). Community protests erupted only after residents became alarmed about the city's ambiguous plans for demolishing homes and thus fearful about the possibility of mass relocations to uncertain destinations.

However, the most heavily funded NTI activities, including demolition, land acquisition, relocations, and site preparation for future development, had much in common with the despised urban renewal programs of the past. Therefore, was this modified version of urban renewal an appropriate use of public power and resources?

Street had become impatient with the slow pace of change under existing housing and community development programs funded mainly by the federal government. Without a much stronger federal commitment, he concluded that the only hope for eliminating the city's massive blight was to harness the power of the private sector. The key was to use scarce public resources to revive a market for housing and commercial activity, even if it took many years for such a market to develop. Not that Street had turned into a free-market libertarian—he still believed that the public sector had a crucial role to play in terms of attacking the most visible forms of blight through enforcing codes, fighting crime, and acquiring and clearing land to stimulate private redevelopment. But the NTI vision that emerged from the mayor's own thinking, as well as his administration's collaboration with TRF, called for substantial roles for the public *and* private sectors. The fact that this vision resembled certain well-known features of unpopular urban renewal programs can be seen as a testament to the mayor's willingness to take substantial political risks to effect meaningful changes in Philadelphia's poorest neighborhoods.

Did NTI succeed in combating blight and promoting redevelopment? By design, NTI is a wide-ranging initiative that seeks to attack blight at all levels in virtually every Philadelphia neighborhood. Some of the most publicized programs such as the towing of abandoned automobiles, the removal of dead trees, and the cleanup of vacant lots have touched all corners of the city. Such programs have generated broad popular support and no doubt contributed to Street's reelection in 2003. However, the bulk of the NTI bond proceeds have been steered toward some of the city's most distressed neighborhoods in an attempt to halt blight in its most advanced stages by emphasizing property acquisition, demolition, site preparation, and redevelopment. It is in these neighborhoods where NTI's performance must be evaluated most carefully.

Demolitions

The primary tool in the original plan was the demolition of derelict buildings. Here, NTI fell far short of its ambitious goal of razing between 11,000 and 14,000 structures over five years and thus putting a significant dent in the overall inventory of almost 26,000 abandoned buildings. The administration now projects a total of about 5,000 residential demolitions (*Fiscal Year 2006 Proposed Program Statement* 2005), a steep drop mainly attributable to popular protests and much higher demolition costs than were originally anticipated.

It should be noted that even this reduced level produced benefits with respect to controlling blight. The razing of 5,000 derelict structures, many in danger of imminent collapse, enhanced public safety while improving the quality of life for neighborhood residents who for too long had been forced to contend with crack houses and other places of criminal activity, as well as eyesores that deflated property values and discouraged new investment. Although the demolitions added to Philadelphia's already large inventory of abandoned land, the administration's allocation of $6.5 million for the initial cleanup of the city's nearly 31,000 vacant lots, along with $2 million annually in general operating funds for follow-up maintenance, has yielded satisfactory results (NTI Program Framework 2002). Much of the vacant land has been transformed into attractive community gardens, playgrounds, or simple but neat green space to the benefit of numerous city neighborhoods (Pennsylvania Horticultural Society 2004; Twyman 2005). And yet meeting the initial target of 11,000 to 14,000 demolitions would presumably have enabled the administration to make better progress toward promoting public safety and improving conditions in distressed communities.

The lower-than-expected number of demolitions also prevented the Street administration from achieving its goal of assembling large tracts of cleared, contiguous land for redevelopment. Its decision to scale back its demolition goals following the neighborhood protests in Strawberry Mansion and Mantua no doubt dismayed private developers that had always insisted that large-scale demolition and land assembly were essential to lowering the per unit cost of construction and thus making market-rate residential development profitable in Philadelphia (Heavens 1996).

Land acquisition

While the administration failed to achieve its initial goals with respect to demolitions, it moved aggressively in NTI's first year to acquire land for both long- and short-term development by pushing an initiative to authorize over 5,000 acquisitions—an unprecedented measure. With respect to long-term development, the administration wisely decided to concentrate its limited supply of acquisition (and demolition) funds within six Acquisition Zones in various distressed and reclamation neighborhoods. These were, in effect, the principal sites of land banking. In a city suffering from extensive blight, did the Street administration's procedure for allocating scarce NTI dollars to these particular neighborhoods make sense? Here, the administration, in conjunction with TRF, strived to minimize the role of politics in the decision-making process. The distribution of acquisition funds would not be driven by the political power of individual members of the city council but by objective data on neighborhood conditions. More specifically, the administration would acquire and clear land in communities that had a high concentration of abandoned buildings and vacant lots but still offered amenities making them potentially attractive development sites.

Some observers nevertheless contend that politics may have influenced the choice of Acquisition Zones; for example, three of the zones are located in the fifth council district, which Street formerly represented, and another is in a district now represented by one of his closest allies on the city council. It should be noted, however, that the fifth council district also contains the highest concentration of poverty and abandoned buildings in the city. Therefore, while a role for political calculation in the decision-making process cannot be ruled out, the fact is that the administration employed reasonable criteria—concentration of vacant property and opportunities for development—in selecting all six Acquisition Zones.

Acquisitions for short-term development raise more questions about the propriety of distribution decisions. In this case, the influence of district council members in choosing specific development proposals that benefit from NTI acquisition (and demolition) dollars appears to be stronger, according to numerous community leaders and developers, all of whom wished to remain anonymous with respect to this point. The ability of district council members to exercise effective veto power over proposed development sites within their districts is a long-standing practice in Philadelphia and one that enables them to wield broad political influence over decisions on land use, sometimes at the expense of rational planning.

Another problem with the administration's acquisitions program is that fewer than 700 of the approximately 5,600 authorized acquisitions have resulted in actual takings (Hughes 2005b). This is because RDA, the city government agency charged with overseeing the eminent domain process, found itself understaffed and overwhelmed in the face of such a huge number of takings. Referring to existing RDA systems for processing eminent domain cases, the authority's former director commented: "Those systems have a capacity issue and I describe them as the capacity of maybe the volume of water you can push through a straw except that the NTI volume is really something that looks like an eight-inch water main" (Eisenstat 2005).

Apart from slowing down the redevelopment process, the bottleneck in processing actual takings has had another cost. Fueled by the downtown boom and other factors such as NTI itself, CDC directors report a doubling or tripling of property values in their communities over the past three years (Gray 2005; Kaufman 2005). NTI officials concede that as a result, they might not be able to consummate some of the acquisitions that had been authorized by the city council, especially in areas that might be of interest to private developers (Smith 2005).

It is reasonable to ask why the NTI team did not anticipate these problems. Could more people have been hired at RDA to process the unprecedented number of acquisitions? More broadly, why has the Street administration been unable to follow though on its promise to reorganize the city's housing and community development agencies or to streamline the redevelopment process? From the outset, even those who helped formulate NTI recognized that reforming government operations would be essential to the success of the initiative (Nowak 2005). One possible reason that the mayor might be reluctant to move ahead with government reform is the desire to avoid alienating the municipal unions that twice helped elect him (Hughes 2006; Newberg 2005). Nevertheless, for a mayor who put neighborhood transformation at the top of his policy agenda and whose legacy largely hinges on the impact of NTI, the lack of effort on this front is puzzling.

Redevelopment

To what extent has NTI stimulated redevelopment? On the one hand, to be fair, Street never promised that his initiative would spark extensive capital investment in the short run. Indeed, city officials assumed that much of the property acquired with NTI bond money would need to be banked for years before a redevelopment market revived in some neighborhoods. On the other hand, the mayor probably did not anticipate just how strong the recent Center City real estate boom would be or how it might contribute to demand for new housing opportunities in lower-income neighborhoods beyond Center City.

Has the administration been able to use NTI resources to seize the opportunities created by the Center City boom, persistently low interest rates, and the 10-year tax abatement on new residential construction to promote housing development in distressed neighborhoods? There have been some successes in leveraging private investment, most notably in the case of Westrum's plan to build market-rate town houses in Brewerytown. Street was understandably elated by this project. Not only was derelict, industrial property being returned to productive use, but this development also had the potential to stimulate additional investment in market-rate and affordable housing throughout the neighborhood. And that potential is, in fact, being realized. As of June 2006, 104 town houses have been completed, with another 20 under construction; encouraged by consumer demand, Westrum now plans to build a total of 700 market-rate units in the neighborhood within the next five years (telephone conversation with the Westrum office, June 27, 2006). Yet it should be emphasized that this is just one project. Beyond Brewerytown, the scope of redevelopment activity by for-profit developers has been relatively modest. No other large-scale private developer has thus far followed Westrum's lead into any distressed or reclamation neighborhoods, although this may still happen depending on how the Brewerytown project fares.

Mixed results

In short, the Street administration's record in attaining its original goals for NTI has been mixed. Many of the city's vacant lots have been cleaned up and converted into attractive green spaces. However, only 5,000 abandoned structures have been demolished compared with the 11,000 to 14,000 that were anticipated. Further, although the city council quickly approved the acquisition of over 5,000 parcels of land, the processing of eminent domain takings has been painfully slow due to an overextended bureaucracy that needs to be reorganized. Halting progress with respect to demolition and land seizures has complicated the administration's capacity to assemble large, contiguous parcels. This in turn has inhibited the city's efforts to promote redevelopment, particularly by for-profit developers. The Brewerytown project illustrates the promise of NTI, but Westrum remains the only major market-rate developer to take advantage of it to venture into Philadelphia's distressed neighborhoods.

So what accounts for the less than spectacular results of NTI so far?[4] At the root is a political problem involving popular uncertainty about the intended beneficiaries of the mayor's initiative. It is easy to see why. NTI's emphasis on property acquisition and demolition reawakened memories of the severe hardships wrought by urban renewal in the form of forced evictions, mass displacement, and the destruction of whole neighborhoods. Moreover, activists expressed concern that the focus on predevelopment activity would come at the expense of housing production and that whatever new housing would be generated by NTI would be market-rate units for middle- and upper-class residents. The aggressive courting of private developers by the administration, together with its (at least initially) cool stance toward CDCs, deepened suspicions among affordable housing advocates and community leaders that NTI would spur gentrification. Yet the administration reacted to concerns about NTI only after neighborhood protests emerged in response to the demolition packages in Strawberry Mansion and Mantua. At that point, officials first suspended the program and then sharply curtailed its scope. Marked reductions in planned demolitions and relocations undermined the administration's capacity to assemble land and spark redevelopment.

Could NTI have been structured and executed differently to better achieve Street's objectives? Although the administration sought to foster rational planning by depoliticizing the decision-making process, paying more attention to the likely political reaction to NTI, both at the predevelopment and development stages, might have been constructive. To start, city planners might have engaged in more community outreach to clarify the administration's goals and procedures. Patricia L. Smith, who headed the Mayor's Office, Neighborhood Transformation Initiative, acknowledged that such overtures would have helped dispel rumors about widespread demolition of occupied houses, and she and her staff began to do this in response to neighborhood protests (Smith 2005). However, those efforts came too late to restore public confidence in the NTI vision.

Second, in cases where a limited number of relocations would be necessary to prepare sites for redevelopment, the administration should have anticipated public apprehension and adopted specific relocation policies to minimize the disruption to displaced residents. For example, NTI might have committed the city to a phased redevelopment process in which displaced homeowners would be guaranteed a home in the new housing development at their current mort-

[4] It should be acknowledged that expenditures of NTI funds for land acquisition and clearance during the past five years, especially in the six Acquisition Zones, may contribute to redevelopment in the future.

gage payment. Such a practice was successfully implemented in a mixed-income development in the South Philadelphia neighborhood of Jefferson Square (Newberg 2005).

In addition, Street might have acknowledged the inherently intrusive and coercive nature of the government's taking of occupied premises by venturing into targeted neighborhoods himself to explain forthrightly why such a policy was needed to rebuild poverty-stricken communities. The mayor could have assured citizens nervous about rumors of extensive evictions that all possible measures would be taken to minimize the number of relocations, guaranteeing displaced residents that they would be placed in a home of superior value within the same neighborhood or an adjacent one with little or no change in their overall housing costs. Of course, budget allocations would have to be provided to make good on these promises (Hughes 2001).

Third, the Street administration might have responded more forcefully to early complaints from activists that NTI neglected the production of affordable housing. For instance, Street might have coupled NTI with an ongoing dedication of city revenue for affordable housing. The administration eventually backed a housing trust fund financed by a small grant from NTI bond proceeds and a doubling of the mortgage recording fee. However, that policy came four years after NTI was introduced and only after a great deal of pressure from community organizations.

Further, the administration might have embraced the concept of mixed-income development more clearly and energetically. While pursuing private sector development, the mayor might have insisted that such development directly benefit long-time residents through, for instance, an inclusionary housing policy. There are indications that for-profit developers would accept a policy that set aside a certain percentage of units in an otherwise market-rate project for lower-income households. Lawrence Rust, the President of the Builders Industry Association of Philadelphia, believes that a 10 percent set-aside for low- and moderate-income residents in a market-rate development is "reasonable" (2005). The Street administration might consider the viability of an even higher set-aside.

Finally, the administration might have responded to fears of gentrification by experimenting with equitable property tax relief. Much popular stress might have been alleviated had the mayor decided to expand the existing protection for senior homeowners to all income-restricted households. Allowing lower-income homeowners to defer payment of all or part of their property taxes until the property is sold is another policy that might have been considered, adopted, and publicized to help residents who were understandably concerned about gentrification.

Along with such policy modifications to the NTI model, Street might have taken a more proactive role in alleviating anxiety about the ultimate beneficiaries of his initiative. First, he might have gone to the neighborhoods to make the case more directly and personally for private investment in an era of diminishing public subsidies and to explain how a revived market would accrue to the benefit of existing residents. Second, he might have cooperated with CDCs from the outset to advance his vision of economic integration through mixed-income development. After all, a number of CDCs in Philadelphia have compiled a solid record of increasing value in communities by producing rental and ownership housing that attracts new households and benefits long-time residents (Kromer 2000). The mayor could have trumpeted the desirability of for-profit and nonprofit organizations working in tandem to revitalize an entire neighborhood (Gray 2005; Sierra 2005). NTI officials eventually began to embrace such a partnership (along with their hoped-for partnership with for-profit developers), most notably with the Brewerytown project, but the change in direction was slow in coming and did not have the visible support of the mayor.

Conclusion

Street merits praise for putting neighborhood revitalization at the very top of his policy agenda and then pushing a bond sale that would generate an unprecedented amount of local revenue to back up his antiblight rhetoric. The content of NTI, however, raised eyebrows among some scholars and practitioners because it deviated from the standard model of community development—one that relies heavily on CDCs to produce affordable housing and economic development on behalf of long-neglected inner-city residents. Although CDCs, with their emphasis on popular empowerment and equitable development, appeal to our sense of social justice, Street had come to believe that their dependence on public subsidies, and thus their limited capacity in a period of federal retrenchment, was problematic and that the only way to make real progress in counteracting the spread of blight was to enlist the support of the private sector. The best hope of leveraging private investment was for the public sector to acquire and assemble large, contiguous tracts of land in neighborhoods that were distressed but nevertheless had marketable potential. The resemblance to urban renewal programs of the past was unmistakable, and political opposition was inevitable. And yet Street resolved to proceed with his vision because he believed that the pitfalls of urban renewal could be avoided and that neighborhood transformation was possible. In short, his leadership at the policy formulation stage was genuinely impressive.

However, the likelihood of considerable community protest suggests a flaw in the NTI model. Elements designed to spark private investment, such as land acquisition, demolition, relocation, and site preparation for redevelopment, needed to be balanced with other elements to convince residents that NTI would also serve their needs and interests. This did not require a sizable commitment of bond money to support subsidized housing, as many community activists had advocated. The mayor had reasonably concluded that such use of scarce public funds would be of limited value. A modest housing trust fund, an inclusionary housing policy, a phased redevelopment policy giving relocated households top priority, equitable property tax relief, and a commitment to work closely with for-profit *and* nonprofit organizations to produce a mix of market-rate and subsidized housing represented the kinds of measures that might have defused popular anxiety about the adverse effects of NTI.

Apart from limitations involving the content of NTI, what was also needed was strong leadership from the mayor at the implementation stage. By all accounts, Street had been deeply involved in the formulation of NTI and had vigorously supported its vision of community development in the months leading up to its introduction in 2001. Once the implementation stage began, however, Street delegated responsibility for carrying out the measure to his small staff in the Mayor's Office, Neighborhood Transformation Initiative, and other housing and community development officials (Nowak 2005). The mayor rarely used his bully pulpit to promote his initiative. And when NTI inevitably encountered some resistance, he avoided injecting himself into the limelight to explain his goals and justify his tactics. Yet this was just the kind of leadership that NTI desperately needed.

Street could have responded to citizens' concerns by attending neighborhood meetings to explain the rationale for large-scale land assembly, including demolition and selective relocation, and the value of mixed-income development. We cannot know whether such efforts would have significantly changed outcomes, but in hindsight, it seems that more assertive and public intervention by the mayor might have enabled his administration to build public support for NTI and perhaps realize its goals for eliminating blight and revitalizing neighborhoods.

In sum, the Philadelphia case study offers useful lessons for other cities and the mayors who lead them. NTI is a compelling model of community development in an era of steadily shrinking public subsidies. But given the public anxiety that this model is likely to provoke because of its reliance on extensive land assembly and private investment, it needs to be supplemented by measures to ensure that revitalization will actually benefit existing residents. And given the challenges of balancing growth and equity imperatives, the successful execution of the model hinges on effective mayoral leadership at both the formulation and implementation stages.

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The author would like to thank Devon Hercher, Rebecca Levy, Colleen Owens, Aaron Scherb, and Lisa Baglione for their research assistance and support.

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