THE RETURN FROM THE SUBURBS AND THE
STRUCTURING OF URBAN SPACE:
STATE INVOLVEMENT IN SOCIETY HILL;
PHILADELPHIA.

Neil Smith
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THE STRUCTURING OF URBAN SPACE:

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PHILADELPHIA

Neil Smith

Submitted as a integral part of the B.Sc. Degree Course in the Department of Geography, University of St. Andrews.

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Turning and turning in the widening gyre
The falcon cannot hear the falconer;
Things fall apart; the centre cannot hold;
Woe is me, if I have loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned;
The best lack all conviction, while the worst
Are full of passionate intensity.

W. B. Yeats.
CHAPTER 1

SOCIETY HILL AND URBAN GEOGRAPHIC THEORY

1. Society Hill

In 1681 when William Penn was granted the Charter for Pennsylvania, he announced his vision of a "holy experiment", "that an example may be set up to the nations". ¹ The heart of Penn's holy experiment was to be Philadelphia, which was then but a "Greene Country Towne" of several acres on the banks of the Delaware River. Almost three hundred years later these same few acres are the subject of another experiment, secular rather than holy. Not that Penn's experiment was entirely holy; as one of his ventures, Penn helped establish the "Free Society of Traders" - a prestigious collection of Philadelphia merchants - by granting them considerable lands in the town. The Free Society of Traders gave its name to the area, and Society Hill was born.

For the next hundred and fifty years Philadelphia's gentry flourished in Society Hill. But with industrialisation and urban growth, following the Civil War, the community began a long decline, and Rittenhouse Square, one mile to the west, became the new home of fashionable Philadelphia (Figure 1). Thereafter, Society Hill, on the edge of the CBD, housed a typical sequence of immigrants from Russians and Slavs to Jews and Irish, and by 1940 included a substantial number of Blacks from the South. Many properties had become derelict, and Society Hill was a slum. Two blocks north-west of Society Hill, the Graff House, in which Jefferson drafted the Declaration of Independence, had been replaced by a hot-dog stand. ²
Figure 1. PHILADELPHIA
In 1948 the area was certified for redevelopment, and with the passage of requisite federal legislation (the National Housing Act of 1949 and its 1954 revision) urban renewal plans were drawn up. Work began in 1959. Society Hill became, in planning jargon, "Washington Square East Urban Renewal Area, Units 1, 2 and 3," yet despite the undignified title this historic area was poised to regain its former charm and prestige. Society Hill, as its apologists are fond of repeating, had come a full circle.

The urban renewal plan had three main objectives:

(a) The provision of a residential neighborhood of high quality and lasting value in close proximity to the center of the city;
(b) The preservation and enhancement of structures of great historical and architectural interest;
(c) The preservation and utilization of as much as possible of the existing old city on a reasonable economic base.

Behind these objectives lay a broader attempt to halt the flight to the suburbs and the consequent deterioration of central city property, commercial as well as residential. Society Hill's redevelopment was intended to help revitalise central Philadelphia by attracting wealthy middle and upper class suburbanites back to city life.

By 1976 the renewal plan was essentially complete, and due to its beautiful architecture and reputation as "the most historic square mile in the nation," Society Hill became a symbol of Philadelphia's Bicentennial advertising. Such is Society Hill's success that it has begun to overshadow traditional central city enclaves such as Beacon Hill in Boston as a symbol of exclusive
upper class communities in the central city. Nor is there a lack of internal sentiment and symbolism in Society Hill, despite its century-old neglect by the upper classes. Much of Walter Firey's description of Beacon Hill could equally apply to Society Hill:

During its long history Beacon Hill has become the symbol for a number of sentimental associations which constitute a genuine attractive force to certain old families in Boston... Present day occupants of these houses derive a genuine satisfaction from the individual histories of their dwellings. 4

Indeed, sentiment and symbolism have developed to such an extent that there is a well defined social hierarchy in Society Hill according to the age and historic significance of one's home. Within Society Hill, a brass plaque attached to the wall by decree of the Philadelphia Historical Commission is proof that one has arrived; one is then the occupant of a Certified Historical Monument, and one's place in the hierarchy is determined thereafter by the historic significance of the dwelling's eighteenth century inhabitants (Plates 1 and 2).

Since in the early 60s, "many planning authorities viewed Society Hill as one of the foremost renewal undertakings in the United States," 5 it is hardly surprising that they have prided themselves on its success. Nathaniel Burt, a novelist, succinctly captures the planners' dreams invested in Society Hill:

The plan, now actually being put into effect, is one of the most daring and most tasteful pieces of town planning ever conceived, an attempt to salvage what is good of the old, add what is needed of the new, and in general transform that part of the city into a sort
PLATE 1: Rehabilitated Houses in Society Hill.
PLATE 2: Philadelphia Historical Commission Plaque.
of urban residential paradise without making a museum-fossil out of it. When and if it all does get done according to plan. Society Hill will be an American showplace of city restoration.  

That it all did get done according to plan is confirmed by Leo Adde who, in an assessment of downtown renewal in the U.S.A., described Society Hill as "one of the nation's most successful efforts in central city renewal." 7 A. E. J. Morris has put it even more strongly. By 1975 he could write:

Philadelphia since the 1960s has been the most widely illustrated international example of on-going comprehensive re-structuring and systematic renewal of an historic urban core. 8

11. Urban Geographic Theory

The Chicago School's latter day followers have bequeathed to urban geography an empiricist and ecological quagmire in which substantive theory nearly drowned. The resuscitation of urban geographic theory will require geographers to borrow breathing equipment from a variety of sources. Perhaps the most sustained and successful attempt has appeared under the guise of the Political Economy of Urbanism - a label covering the work of various researchers from British and American geographers to French sociologists. 9 Eclectic in its inspiration if not its operation, the Political Economy of Urbanism has no backbone of rigid theory; rather it can be viewed as a method, and one which can overcome redundant distinctions such as those between the economic, the spatial, the social and the political. The Political Economy of Urbanism therefore provides a suitable
perspective for the explanation of Society Hill's development as a successful urban renewal project. Given the complex social, political and economic history of Society Hill since 1950, any alternative method which failed to overcome the distinction between these categories would be driven to strictly casual links between them; this could provide no satisfactory account of Society Hill's success.

Henri Lefebvre has argued strongly that the survival of capitalism has depended primarily on the exploitation of space for continued economic growth:

capitalism has found itself able to attenuate (if not resolve) its internal contradictions for a century, and consequently, in the hundred years since the writing of Capital, it has succeeded in achieving "growth." We cannot calculate at what price, but we do know the means: by occupying space, by producing space. 10

Suburbanisation is the most obvious example of capital producing space in order to sustain growth. Of course a necessary ingredient of suburbanisation was the demand by the middle and upper classes for a home on the urban periphery. This demand was necessary but not sufficient, and could in any case be created; to build homes on the urban periphery required primarily the cooperation of builders and financial institutions. As long as better profits could be achieved from alternative construction and investment, suburbanisation was unlikely to exceed a trickle. When the sluice gates did open on suburban migration, it was not only the construction industry and
financial institutions which benefited; the demand for cars, oil products, rubber, steel and concrete rose sharply. In general, suburbanisation has provided a vastly expanded market for old and new products alike. To quote David Harvey:

it is now necessary for urbanism to generate expanding consumption if the capitalist economy is to be maintained. Much of the expansion of GNP in capitalist societies is in fact bound up in the whole suburbanization process. 11

Harvey has analysed in greater detail how the accumulation of capital produced a distinctive urban space. Just as capitalist economies create scarcity in the commodity market, so they create scarcity in the property market, and Harvey has concentrated on one aspect of this process - the creation of scarcity by private financial institutions operating in the U. S. housing market. His Baltimore evidence suggests that urban space is structured into geographically distinct housing markets and communities by the operation of private financial institutions. 12 These institutions invest in land by supplying mortgages to house buyers and speculator-developers, but their willingness to lend is determined by potential profit. Harvey and Chaterjee show that different kinds of financial institution invest in quite different markets according to type of property, price, location, and the financial credentials of prospective buyers. This wide variety of investment policies produces a mosaic of sub-markets, defined spatially and economically (according to rent), "since there is
a 'rational' (profit-maximizing) adjustment of landlord behaviour to sub-market characteristics. This behaviour, in turn, structures outcomes with respect to the renter, the maintenance of the housing stock, reinvestment and disinvestment, neighbourhood decay and the like."  

M. Boddy has demonstrated a similar pattern of investment by British building societies, and a consequent hierarchial structuring of urban space.  

Such explanations are powerful but incomplete. In an attempt to escape the neo-classical emphasis on differential demand as an explanation of residential segregation, they neglect demand entirely. For this reason, and not as Irene Bruegel suggests — because the theory entails the sequential filtering of lower class occupants into middle and upper class housing — Harvey's theory cannot adequately explain gentrification. Certainly, demand has only limited explanatory value, but precisely in cases such as Society Hill where housing was appropriated by middle and upper class buyers — the group with the widest choice in the housing market — demand becomes important.  

Harvey's theory further simplifies the urban housing market by assuming the unfettered operation of private financial institutions, thus leaving little or no role for the State. Yet in advanced capitalism, according to Jürgen Habermas, two tendencies are paramount: "an increase in state intervention in order to secure the system's stability, and a growing interdependence of research and technology."  

These combined
tendencies have extended the jurisdiction of State planning, which increasingly regulates the economy and alleviates dysfunctions, and this evolving role is as obvious in urban planning as elsewhere. The initial raison d'être of State urban renewal policies in the U. S., for example, was to provide privately and collectively consumed commodities and services – such as low-income public housing and urban highways – which private enterprise capital could not itself produce profitably.

Planning is the rational allocation of societal resources toward an explicit goal, and as such, it conflicts with earlier means of distributing surplus resources. More specifically, the growth of state planning conflicts with the handling of surplus products under competitive capitalism – that is, distribution by private producers according to their individual and class interests. This potential contradiction between planning and the free market allocation of surplus will build itself into the landscape and Society Hill exemplifies this process. In Society Hill the role of the State (Federal and City governments in the main) has been crucial. Its purpose was to underwrite private investment, thereby altering a landscape previously produced by financial institutions operating in the free market.

According to this perspective, the apparent success of Society Hill takes on a new and deeper, if ambiguous, meaning. Society Hill is significant first as an attempt to revitalise central Philadelphia by drawing suburbanites back to the city.
It was one of the foremost such attempts in the United States. In evaluating these attempts Herbert Gans, giving evidence to the Ribicoff Committee on the Crisis of the Cities, said, "I have seen no study of how many suburbanites were actually brought back by urban-renewal projects, but my own observation convinces me that their number is miniscule." Since this appears to contradict Society Hill's experience, and since to this day there appear to be no such studies in the literature, a detailed analysis of Society Hill's success in attracting suburbanites is itself of intrinsic value. But since as an urban renewal project, Society Hill required a mix of federal, city, individual and private institutional capital, its outcome is of considerable theoretical significance. It is a case study of potential contradiction in advanced capitalism between the State and private financial institutions over the production of space.
CHAPTER 2

THE URBAN RENEWAL PLAN: INGREDIENTS AND IMPLEMENTATION.

1. Ingredients

In the early 1950s many of Society Hill's historic houses were slums. The median income in Society Hill was $1,806 compared with $2,869 for all Philadelphia.\(^1\) For a central city location the price of land was low, due to the deterioration of property and the proximity of Philadelphia's old and inefficient food market in Dock Street. On the other hand, rent was unusually high for working class accommodation, especially for Blacks,\(^2\) despite substandard housing conditions. This was due to the high tax assessments based on Society Hill's centrality, and to the profit-oriented strategies of landlords and speculators. In an official report commissioned by the Redevelopment Authority of Philadelphia, Albert Greenfield and Co. Inc. - a real estate firm owned by "the largest and richest real estate operator in the city,"\(^3\) and one-time chairman of the City Planning Commission - described Society Hill in 1950:

Financing in the area showed all the characteristics of a high risk neighborhood: secondary financing was common; the typical conventional mortgage showed a 50 to 60 per cent ratio; and there was a large number of private lenders, finance companies and mortgage lenders, specializing in high risks ... Investors and speculators were subdividing houses into small, substandard apartment units.\(^4\)

Since the larger and more stable financial institutions
refused to invest in Society Hill despite the potential demand for historic houses, redevelopment through private investment was not a serious possibility in 1950. Within two years, however, the first ingredients of renaissance appeared; the final recipe involved a spectacular mix of institutions, organisations and interests. These can be considered under three headings: urban social movements; private financial institutions; and State institutions.

1. Urban Social Movements.

"Urban social movement" is a category employed by Chris Pickvance, following Manuel Castells and others. Whereas traditional "participation" studies emphasise individual participation in voluntary associations, the methodology of urban social movements emphasises the resources amassed by organisations and their effect on urban structure. It is therefore well-suited to studying the role of non-institutionalised organisations in the redevelopment of Society Hill.

A voluntary organisation entitled the Greater Philadelphia Movement (GPM) was formed in 1952 and, as its name suggests, this was no mere pressure group. According to J. S. Clark who became Mayor of Philadelphia the same year, GPM was "predominantly a group of conservative but intelligent businessmen of integrity who have the interest of their city very much at heart." Like Society Hill, the rest of downtown Philadelphia had been declining for fifty years or more, and the aim of the Movement was no less than the revitalisation of
the city economy, and with it, city life. In the words of William Kelly, a former president of the 1st Pennsylvania Bank,

The future of our companies, all of them, is tied to the growth of our city. When I spend time on civic affairs I'm in effect working on the bank's business too... The growth of our bank, its well-being in the years to come, depends on what is done here in Philadelphia.

The prestigious GPM were "movers and shakers" whose immediate purpose was to pressure the politically powerful, solicit support among the influential, and apply their practical acumen to developing central Philadelphia. In 1954, together with the Urban Land Institute (ULI), GPM conceived a plan for Society Hill which had become the focus for their efforts. The panel which conceived the plan had twenty-seven members, all of them business leaders and financiers except for one professor, one architect and two others. So from the beginning, GPM was concerned not only that the city should be revitalised but that revitalisation should serve narrowly defined capital interests.

The Greater Philadelphia Movement was the initial stimulus to development in Society Hill. And it was a powerful one. Due mainly to GPM's pressure and influence a new site in South Philadelphia was found for Dock Street's food market. With the removal of this obstacle in 1958, hitherto latent demand for historic houses surfaced. By this time, however, GPM had spawned a new organisation, the Old Philadelphia Development Corporation (OPDC). According to its 1970 annual report, OPDC
was created "by civic, professional, business and labor leaders at the specific request of the City Administration, through its Mayor and Planning Commission." Nevertheless, OPDC was as top-heavy with business leaders as GPM, and there was much overlapping membership between them. OPDC was more practical than GPM but it sought identical objectives:

The Corporation, financed solely with private funds, assists local government in formulating plans for center city development which will attract private investors and in turn achieve the goals of the community.

At the same time, the Corporation works with private investors and developers to encourage their full participation in a government sponsored program that will benefit the entire Philadelphia metropolitan region.

Their initial role, then, was to promote Society Hill and for this they employed the help of a professional advertiser. OPDC, which was instrumental in the moving of the food market, became "selected developer" for Society Hill in the 60s. In this role, the Corporation was contracted by the Redevelopment Authority to dispose of 190 properties for rehabilitation or new construction by individual or corporate developers. Although privately funded, then, OPDC has performed publically as an institutionalised extension of GPM.


Private Financial Institutions in Philadelphia invested heavily in Society Hill through mortgage agreements with individual restorers, as well as larger investment loans to
professional and corporate developers such as Head House Square Incorporated. In the early 50s such loans and mortgages were rare, and without the enthusiastic cooperation of these institutions in the 60s, the urban renewal plan would have failed. Their cooperation was secured by State intervention which guaranteed private investment opportunities returning substantial profits.


Various State institutions helped to produce Washington Square East's urban renewal plan:

(a) The Philadelphia Planning Commission. Their main task was to devise the renewal plan. The plan was inspired by a poetic vision of Philadelphia's revival; the vision belonged to Edmund Bacon, Executive Director of the Planning Commission from 1949 - 1970. It was a vision encompassing not only Society Hill but the entire historic core of Philadelphia.

(b) City Government. The City was concerned less with vision than with practical details. In the late 50s under Mayor Richardson Dilworth, it accepted the renewal plans, made the necessary zoning changes and provided about 30% of project costs. The City was also responsible for implementing the plan, and for this purpose created an entirely new "quasi-public" institution - the Redevelopment Authority of Philadelphia. Board Members of the Redevelopment Authority are appointed by the Mayor of Philadelphia, and the Authority's funds come from Federal, State and City governments.
(c) Federal Government. The concept of urban renewal achieved legal status in 1949 when Congress passed the Housing Act. A 1954 revision to the Act strengthened urban renewal legislation by emphasising a greater role for private enterprise; the revision specifically encouraged rehabilitation. Under this original legislation, known as Title I, the federal government financed two-thirds of project costs, with most of the remainder coming from the City coffers. But since a condition of this legislation was that no Title I project was to cost over £20m of public money, Philadelphia divided Washington Square into three separate urban renewal projects (Figure 2).

In addition to passing legislation and funding projects, the federal government provided Federal Housing Administration (FHA) mortgages to a number of Society Hill residents, particularly under Section 312.

Although it is useful to view urban social movements, private financial institutions, and State institutions as distinct, strictly speaking it is inaccurate. There was considerable overlap: William Day, for example who was President of OPDC in the late 60s, was at the same time Board Chairman of the First Pennsylvania Banking and Trust Co., which invested in Society Hill; Edmund Bacon, while executive director of the Planning Commission, retained his Old Philadelphia roots through his affiliation with CPW; William Rafsky, a director of the Redevelopment Authority since the late 50s, succeeded William Day to the presidency of OPDC. But perhaps the most notorious
example of overlap between these three categories is Gustave Amsterdam. In the late 60s Amsterdam was Executive Director of the Redevelopment Authority and Executive Vice-President of OPDC; in 1969, on the discovery that he had used his public position to enhance his private investments in lucrative financial and redevelopment concerns, he resigned.

This happy confusion of interests was no mere imperfection of an otherwise excellent renewal plan; it was fundamental to the very concept of Society Hill's urban renewal plan. Urban social movements, private financial institutions and State institutions all served identical class interests. The role of the State was not to dilute this redistribution of income derived from the reproduction of space, but to encourage it. By July 31st, 1976, $38.6m of Federal and City money had been spent to ensure the success of the renewal plan. The role of the State was therefore twofold: to produce a distinct urban space for possession by the upper classes, and thereby to provide substantial investment opportunities for private capital.

To implement the plan, and consequently to help produce a hierarchial urban spatial structure required the State to provide capital and the Redevelopment Authority to invest it.

11. Implementation

The Redevelopment Authority.

In 1959 the Redevelopment Authority began to acquire all property in Unit 1, using what Francois Lamerche has termed
property capital. Property capital is a "specialised capital... whose primary role is to plan... space in order to reduce the indirect costs of capitalist production." The indirect costs of capitalist production include costs inherent in reproducing the social relations of production, and these in turn include the provision of geographically discrete and socially segregated residential communities such as Society Hill.

The Redevelopment Authority paid owners the "fair market price" for property which was then resold to developers at appraised land values, which were substantially lower than acquisition prices. The State, that is, invested property capital at a deliberate loss to itself in order to stimulate private capital investment by individuals as well as financial institutions. Although a loss was incurred by the State, its property capital nevertheless produced profit which was reaped directly by the property developers and indirectly by the financial lending institutions as part of the profit on their Society Hill investments.

Three kinds of developer operated in Society Hill:

(a) Speculator developers who bought property, developed it and resold it for profit.

(b) Occupier developers who bought property mainly for rehabilitation but also for new construction, and who lived in the house on completion.

(c) Landlord developers who bought property, developed it, and rented it to tenants. This developer varies from the single property landlord, to the professional landlord with several
luxury apartment houses, to Alcoa (Aluminium Corporation of America), a multinational corporation which purchased a large parcel of land in the north-east section of Unit 1 and built Society Hill Towers together with surrounding townhouses. Society Hill Towers are three 30-storey residential blocks dominating the city's waterfront skyline (Plate 3) and they have a total of 720 luxury apartments. Or as these apartments were described with uncharacteristic modesty by their renowned architect, I. M. Pei: "The dwelling units themselves will be modern, air conditioned, and of ample dimensions, with rooms exceeding FHA standards by comfortable margins."15

As the immediate State representative in carrying out the renewal plan, the Redevelopment Authority reflects the twofold role of the State. Alcoa's dealings in Society Hill are a fascinating case study in urban development, and illustrate the first function of the Redevelopment Authority. A patchy history of Alcoa's involvement can be compiled from Redevelopment Authority records.

In May 1961, Webb & Knapp Inc. - a New York based real estate firm with assets approaching half a billion dollars16 - signed a contract with the Redevelopment Authority to build three large apartment buildings and several townhouses. Webb & Knapp purchased the land from the Redevelopment Authority for $1.3m, substantially less than it cost the Authority to acquire. In August of the same year, a presentation was made to the City's Zoning Board in order to align the zoning regulations with Webb & Knapp's plan. The Board expressed concern about the high
PLATE 3: Society Hill Towers and Second Street.
residential densities entailed by the scheme but because of pressure applied by the Redevelopment Authority, they eventually passed the necessary alterations.

In May 1962, Webb & Knapp secured a 3% FHA insured mortgage under section 220 of the 1954 Housing Act. The insured mortgage was for $14.5m, and the total cost of building the Towers was estimated at $16.5m. By November, however, Webb & Knapp was in financial difficulties; William Zeckendorf, president, board-chairman and one-time sole stock-holder, had overextended the corporation's commitments. Alcoa, which already owned 5% of Webb & Knapp's Society Hill investment, took over the contract for Society Hill Towers, and for four other centre-city, high rise development projects in the North-East. Alcoa now held 90% of the Society Hill contract, part of the remainder being held by a British property development concern and partner of Zeckendorf's - Covent America Corporation.

Alcoa invested $20m in Society Hill but this was only a fraction of their real estate interests. By 1964, when the towers were completed, Alcoa had property investments totalling $300m. The corporation's venture into property development was therefore a source of diversification as well as profit. But Alcoa had a further motive for creating subsidiaries in the property market. According to L. O'Donnell, "This means it can charge depreciation of the buildings against the parent's taxable income, reducing Alcoa's reported net income and its net tax bill and raising Alcoa's cash available for reinvestment."
The construction of Society Hill Towers exemplifies Lamarche's theory of urban development. In 1975, monthly rents in the Towers were $330 per month plus utilities for a one-bedroom apartment and over $400 for a two-bedroom apartment. Alcoa's annual return was approximately $2.5m minus maintenance costs. Allowing for property taxes, Alcoa could not expect to recoup their investment for at least twelve years. Thus Society Hill Towers could only have been constructed by a corporate concern that could sustain immediate indebtedness for the sake of long term profits. Similarly, the most economic type of accommodation to provide was high density luxury apartments. Had Alcoa provided low or middle range rental accommodation, or built at lower densities, the initial building costs would have been only marginally lower while rents would have been substantially lower. It would have taken longer to recoup investment, reducing the rate of return on capital to levels lower than for possible alternative investments. Its location also guaranteed Alcoa's investment a high rate of return. On the periphery of the CBD, and in the secure and pleasant surroundings of Society Hill, Alcoa could charge high rents due to the situational advantage enjoyed by tenants, and this in turn ensured that apartments became luxury dwellings. This additional income is "differential rent 1" in Lamarche's schema. Without the sentiment, symbolism and security of Society Hill, differential rent 1 would be derived purely from proximity to the CBD. The rate of return on capital would have been lower and the project probably unworkable.
Alcoa's profit is therefore derived partly from State expenditure. First, Alcoa profits directly from the capital invested in the land by the Redevelopment Authority. This includes the difference between the Authority's acquisition costs and the price to Alcoa; the cost of relocating previous tenants and compensation for loss of machinery; the cost of demolition; administrative costs. Second, Alcoa profits indirectly from total State expenditures in the renewal area since without them, Alcoa would have earned less differential rent 1.

The first function of the Redevelopment Authority, then, is redistributive. By its right of eminent domain, the Authority purchased property from the poor and resold it at a loss to the rich who profited substantially by investing personal or corporate resources in redeveloping the property. The benefit to the Redevelopment Authority and to the City was the production and reproduction of space.

If Society Hill Towers symbolises new construction by corporate capital, C. Jared Ingersoll's town house symbolises rehabilitation using personal capital. In January 1961, Ingersoll - an Old Philadelphian *par excellence*, erstwhile member of the City Planning Commission, and a director of U. S. Steel - moved into his rehabilitated home at 217 Spruce Street (Plate 4). He bought it in 1961 for $8,000 and is reputed to have spent $55,000 restoring it. Ingersoll is credited with being the first to return from the suburbs to Society Hill and
PLATE 4: 217 Spruce Street — C. Jared Ingersoll's Town House.
after his symbolic move, Society Hill thrived. Work began on Unit 2 and by 1965 the Unit 3 plan was also in progress. In these units fewer structures were demolished and more retained for rehabilitation by their owners; not all properties were acquired by the Redevelopment Authority.

The Redevelopment Authority's second function was control; it ensured that new owners rehabilitated property in accordance with the renewal plan. For this purpose, all developers entered into a legal agreement with the Authority. The agreement stipulated a building's external architecture, its function, and a date of completion. In addition, houses of historic significance could not be rehabilitated until the Philadelphia Historic Commission had approved the plans.

With the rising demand for historic houses, it became increasingly burdensome for the Redevelopment Authority to choose restorers. In 1967 it passed this responsibility on to OPDC, giving it an initial portfolio of 190 properties. According to William Rafsky, President of OPDC in the early 70s, the corporation nominated developers with three criteria in mind: developers had to demonstrate the financial ability to rehabilitate, the average cost of which was around $40,000; plans for single family owner-occupied dwellings were preferred; and developers were further favoured if their architects were sympathetic to the historical character of Society Hill. OPDC did not advertise property since demand was sufficient to cover every building; restorers heard about Society Hill from publicity or private connections.24
The Role of Private Financial Institutions.

The cooperation of private financial institutions, crucial for success, lends itself to detailed quantitative analysis. The developing relationship of these institutions with urban social movements and State institutions can be documented, and four periods can be detected. These periods are not rigidly defined but are overlapping stages in the history of the plan's execution.

(a) pre 1952. Investment in the area was small scale, erratic, and dominated by local, high risk institutions demanding large downpayments and high interest rates. Larger, more stable enterprises were busy with low risk, high profit mortgaging in the expanding suburbs and unwilling to invest in Society Hill where profits were low. Since 80% of dwelling units were rented accommodation, the major investors were landlords who commonly subdivided property into even poorer accommodation, thereby increasing the total rent earned.^{25} By their policies toward Society Hill before 1952, private financial institutions maintained to area as a slum; the private sector, constrained to profit via competition, could not itself produce new space in Society Hill.

(b) 1952 - 1959. With the well-publicised formation of GPM in 1952, interest in Society Hill's investment potential was aroused. Tables A and B in the Appendix enumerate mortgages for certain years according to types of lending institution, and the 1954 figures show that a third of all mortgages in Society Hill came from private sources. Since
private mortgaging is a sign of affluent purchasers and since the return to Society Hill was not yet under way, this suggests the growth of property speculation. That an additional 15 properties (21%) were purchased without a mortgage is a further indication of strong speculation, fuelled by optimistic talk in high places; normally, only an average 5% of residential property transactions involve no mortgage.

Speculative buying and selling remains prominent into 1959 but the increased use of savings and loans organisations at the expense of other, mainly high risk, small scale financial institutions suggests that the larger lending institutions were beginning to relax their strict policies toward Society Hill. In this second stage, therefore, civic-minded agitation by GFP stimulated speculation but did not convince larger institutions to enter the market, however tentatively, until speculation had proven successful and until, in any case, the Planning Commission was preparing a State-supported renewal plan for the area.

(c) 1960 - 1965. With all three units begun by 1965 and with Ingersoll's celebrated return to Society Hill, confidence in the scheme diffused. Consequently, financial institutions began to take the initiative. Most loans during this period came from Federal Savings and Loans organisations which had shied away from Society Hill before 1952. The growing number of commercial and savings banks also indicated Society Hill's acceptance among financiers. The rise of these institutions in Society Hill was matched by a decline in private mortgages
and in mortgages from institutions which specialise in high-risk financing. Now that Society Hill is respectable the market has been monopolised, and these latter small scale operations have been forced to invest elsewhere. This implies a sharp reduction in speculation, brought about undoubtedly by the Redevelopment Authority's strict control over redevelopment, and insistence that all developers sign legally binding contracts specifying the work to be done and the date of completion.

(d) 1966 – 1975. During this fourth stage banks became the largest single source of mortgages in Society Hill. Demand for accommodation greatly exceeded supply and financial institutions earned large profits; fierce competition may explain the re-appearance of various smaller financial institutions in the market. But if by 1966 competition induced a monopoly by banks and savings and loans organisations, it is unlikely that greater competition would slacken this monopoly. It is more likely that the entry of smaller organisations into the Society Hill market was not a matter of policy but a matter of personal connections. Interest rates on Society Hill mortgages coming from these smaller institutions are often lower than the median for that year; this supports the interpretation that latter-day investment in Society Hill by small institutions depended on personal connections with Society Hill residents.

Not until the latter half of the 60s, therefore, did the financial institutions regain the driving seat in Society Hill. Though they were not primarily responsible for producing the
new Society Hill (except negatively, perhaps, by maintaining the area as a slum before 1959 and obliging others to act), they consolidate, maintain and reproduce its spatial structure. That is, they provide mortgages toward the restoration of remaining properties, the construction of new ones, and the buying of completed ones. 28
CHAPTER 3
THE RETURN TO THE CITY

1. The Literature

The return to the city by middle and upper-class suburbanites has been a much-heralded development in the United States. Most of the literature on this process however, describes not the American situation but the voluntary rehabilitation of Victorian and Georgian terraced houses in the Inner London boroughs – a process now known as "gentrification."

Describing gentrification in London, Ruth Glass writes:

One by one, many of the working class quarters of London have been invaded by the middle classes – upper and lower. Shabby, modest mews and cottages – two rooms up and two down – have been taken over, when their leases have expired, and have become elegant expensive residences.¹

Gentrification in London has depended on the spontaneous middle-class demand for quaint inner-city housing and on the eventual participation of private lending institutions and developers; it has benefited only slightly from government policies.² This is the main difference between the London and North American experiences: since the middle-class flight to the suburbs was more complete in the United States than in Britain, and since a spontaneous pilgrimage back to the city has never looked likely, American city renewal is actively planned and publicly funded. It is a deliberate attempt to reverse the migration to the suburbs. In London, however, not
only is gentrification private and spontaneous, but there seems to have been little concern about whether restorers of old property came from the suburbs or not. Despite these differences it is tempting to apply the term gentrification to the North American situation. After all, both processes have developed from the same root: middle class migration to the suburbs leaving old and deteriorating houses in the city for the poor. Stephen Marrett has distinguished between two types of gentrification: i) unmediated gentrification in which the working class owner or a landlord sells a house directly to a prospective owner-occupier or landlord who then restores the property. ii) mediated gentrification in which the transition from working class to middle or upper class residence is mediated by a private speculative developer who carries out the restoration. The North American experience could therefore be classified as mediated gentrification, but gentrification which relied on public rather than private mediation.

The temptation to extend this jargon to the American case ought to be resisted, however, since many schemes including Society Hill involve all three means of transferring property: unmediated, publically mediated and privately mediated transfers. To include the American experience under the label "gentrification" would weaken rather than strengthen the concept's explanatory potential.
The completion of several highly visible downtown renewal programmes including Society Hill has convinced many North American observers that a reverse migration has begun among certain suburban residents. Vincent Gruen, a planner and architect, has asserted that "a trend toward recentralization is detectable in nearly all metropolitan areas, expressing itself in a greater demand for living quarters close to places of work and shopping facilities." Among geographers, Brian J. L. Berry has acknowledged this reverse migration but stressed its limits in the American context.

It is now Philadelphia folklore that "there was an upperclass return to center city in Society Hill," or as the Redevelopment Authority Annual Report for 1975 has it: "Many suburbanites ... returned to Center City and, among the young professionals, Society Hill became the place to live." Society Hill's success and reputation have transformed it into a national symbol of reverse migration, for public and planners alike. In a recent publication for the Association of American Geographers, Peter Muller, Kenneth Meyer and Roman Cybriwsky - Philadelphia Geographers - have been the latest to discuss Society Hill, the symbol, in the geographical literature; and have even clothed it with explanation:

Many former suburbanites have decided that the lengthy and formerly fashionable commute over crowded expressways is a senseless waste of time and have returned to live in the city ... Old row houses, some dating back to the colonial period have been extensively remodelled in prestigious areas such as Society Hill."
Despite Society Hill's symbolic significance, there has been no empirical study of the extent to which disillusioned suburbanites have returned there. Because any substantial evacuation of the suburbs in favour of older city neighbourhoods would be a significant achievement by the planners in the face of free-market flight from the city, and a significant stage in the history of urban development, it seems vital to document the strength and pervasiveness of this process and to explain its development.

11. The Return

By June, 1962 less than a third of families purchasing property from the Redevelopment Authority under rehabilitation agreements were from suburban Philadelphia; over half were from inside the city limits. But since the first families to rehabilitate derelict houses only began work in 1960, it was generally expected that the proportion of suburban dwellers would rise sharply as Society Hill became better known and a Society Hill address became a coveted possession. The 1970 census data suggests that the number of suburbanites entering the area rose until they accounted for 40% of Society Hill's population in 1970. (Appendix, Table C). But since the census tract boundaries do not coincide with those of Society Hill, census data can only be a very rough estimate of migration levels. Fortunately, more detailed and more reliable data can be abstracted from Redevelopment Authority files. A case file containing the previous address of each developer exists for each rehabilitated property, and according to my pilot study
of the Pine Street properties, 4 out of 44 (9%) were resold to developers from the suburbs (Table D). These figures are statistically unsatisfactory however, since one-third of the sampled files gave no indication of the developer's previous address. A second set of files was therefore consulted and a sample chosen on the basis of chronological rather than spatial criteria. For every developer who purchased residential property from the Redevelopment Authority in 1964 the location of previous residence was noted. Property purchased for commercial retail or institutional purposes was dismissed from the sample. This analysis was repeated for 1965 and 1966 then for every third year thereafter. The data is therefore detailed, fairly comprehensive and statistically satisfactory since in only two transactions in 102 was the previous address unidentifiable.

TABLE 1.10 The Percentage of Non-Movers, City Dwellers, Suburbanites and Non-Philadelphians who Restored Property in Society Hill.

<table>
<thead>
<tr>
<th></th>
<th>non movers</th>
<th>city dwellers</th>
<th>suburbanites</th>
<th>non Philadelphians</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>36</td>
<td>64</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1965</td>
<td>11</td>
<td>63</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>1966</td>
<td>3</td>
<td>83</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>1969</td>
<td>8</td>
<td>75</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>1972/75</td>
<td>6</td>
<td>76</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>

Aggregate Percentage: 11% 73% 14% 2%

The data indicate that only a trickle of suburbanites returned to Society Hill, but before trying to explain these figures it is necessary to analyse how adequately this sample
describes the entire population of Society Hill. There are at least five conceivable objections to treating this sample as representative of Society Hill:

i) The sample of 102 cases was drawn from a total population of 633 rehabilitation properties, which amounts to a 16% sample. This is statistically satisfactory. Indeed, in practice the sample size was larger since not all of the 633 properties are residential; various retail and service enterprises, churches and historical associations also restored property.

ii) Although it was generally obvious from the case file whether or not a property was to be restored for residential purposes, it was ambiguous in several cases. However, these could not significantly alter the results.

iii) A more serious problem is that the files rarely indicate whether the property was purchased by a speculative developer, a landlord developer or an owner developer. Two pieces of evidence suggest that despite the Redevelopment Authority's official policy, speculative investment in Society Hill was not uncommon. First, of all city dwellers in the sample of restorers, 37% came from Society Hill (Table F). Although changes of residence tend to be over short distances, Ronald Boyce has demonstrated that at least in Seattle, middle and upper-class house buyers generally move out of their old neighbourhood and seldom flit within it. It is unlikely, therefore, that all the properties rehabilitated by people already in Society Hill are for personal use. Second, in the Redevelopment Authority's list of rehabilitation properties,
several developers appear more than once. In several cases OPDC has even nominated developers who already possess property in Society Hill.

Speculative developers have certainly distorted the figures. Initially the figures may have underestimated the number of suburbanites in Society Hill. But even if the developers whose previous address is in Society Hill are omitted from the sample, the percentage of restorers coming from the suburbs remains below 20%. Moreover, Philadelphia's business aristocracy, whose acumen has earned them exotic residences in the suburban "Main Line," are unlikely to have missed the opportunity for such happy investments. Indeed, as the project grew increasingly successful and secure for investment, it is likely that some suburbanites rehabilitating Society Hill houses used the property as an investment and a hobby while retaining an exclusive Main Line residence and lifestyle.13

So although speculative investment by individuals will have distorted the sample, the distortion is unlikely to invalidate the figures in Table 1.

iv) Nevertheless, we are left with the problem of landlord developers and their tenants. In size, age structure, composition and income, households which rent accommodation differ markedly from households in owner occupied accommodation; hence it cannot be assumed without evidence that the percentages in Table 1 apply equally to those who rented rather than restored their Society Hill home. The attraction of the city may vary
with different kinds of household. Chester Rapkin and William Grigsby found that in 1955 and 1956 - before Society Hill was developed - whereas 16.8% of high rent apartment dwellers in downtown Philadelphia had moved there from the suburbs, only 11.5% of downtown single family home-owners had done so.¹⁴

Contrary to the common conception, Society Hill contains considerably more rented accommodation than owner-occupied houses. In the summer of 1975 there were 1911 rental units (77.2%) and 564 (22.8) owner-occupied units;¹⁵ of the rental units 720 are in Society Hill Towers. A clear majority of their residents moved from elsewhere in the city, but a substantial number are ex-suburbanites and people from outside the Philadelphia SMSA, notably from other metropolitan areas within the United States.¹⁶ In Penns Landing Apartments at 2nd and Delancey Streets - a project with 85 luxury apartments and 25 town house condominiums - there was a similar mix of residents. And there too suburbanites have never outnumbered city dwellers. In Hopkinson House - a development at 7th and Spruce Streets with 536 middle and high rent apartments plus 25 town houses, but not strictly in Society Hill - suburbanites again have never outnumbered city dwellers.¹⁷

Although no precise statistics were available, newly constructed rental accommodation showed a similar pattern to that of rehabilitated properties for owner occupation. The percentage of suburbanites moving in is surprisingly low, certainly less than 40% and more probably about 30%.¹⁸ One obvious means of confirming this figure would be an elementary
questionnaire but in Society Hill this time-honoured technique is fraught with legal, practical and physical hazards. The modern apartment complexes such as Society Hill Towers do not permit questionnaires. Second, Society Hill residents, security conscious as they are, have devised various elaborate and not so elaborate devices to foil the uninitiated. These devices range from complex intercom systems, electric alarms and wrought iron gates to Alsatian dogs and the ubiquitous Franklin mirror – an invention attributed to Benjamin Franklin, which allows residents to identify visitors from upstairs before opening the door. Telephone interviews, while extremely time consuming if Society Hill residents are to be extracted from the directory for all Philadelphia, would have been feasible, but are a morally suspect technique.

As those households attracted to owner occupied accommodation tend to differ characteristically from those renting luxury apartments, the latter may also differ significantly from households renting historic and rehabilitated houses. On the basis of field work during the late 50s in Philadelphia as well as in New York and Chicago, Janet Abu-Lughod observed that "the 'arty' or quasi-bohemian element of well-to-do center-city residents is attracted almost exclusively to rehabilitated town houses, whereas the new luxury apartment houses attract such occupational groups as executives and high professionals."19

Society Hill has its "arty" and quasi-bohemian element as illustrated by the architecture of several new houses, notably in Delancey and Cypress Streets (Plate 5), but whether they live in Colonial elegance, modern luxury or avant-garde eccentricity,
PLATE 5: 307 Delancey Street — Modern Architecture in Society Hill.
the vast majority of Society Hill residents are executives or high professionals. Society Hill's original movers and shakers were themselves for the most part executives, often from Old Philadelphia families, and as Nathaniel Burt explains:

Remodeling old houses is, after all, one of Old Philadelphia's favorite indoor sports, and to be able to remodel and consciously serve the cause of civic revival all at once has gone to the heads of the upper classes like champagne.20

The percentage of suburbanites in modern rented accommodation may therefore be taken as an upper limit for the percentage in rehabilitated accommodation. An upper limit, because informal interviews in Society Hill suggest that many tenants renting rehabilitated apartments have not returned from the suburbs but are young executives and professionals who, having graduated from college, have now settled into a traditional career and perhaps married, but have refused to take the next traditional step in the life cycle of Philadelphia's gentry: entry into Philadelphia's fashionable Main Line suburbs.

v) Finally, the low percentage of suburbanites in the data could be explained if migration from the suburbs to Society Hill were a step by step process, but informal interviews give no evidence of this. Furthermore, there would be no logic to such a process. The success of Society Hill has been so well advertised and its fashionability so firmly established that there could be no advantage, real or perceived, in moving to Chestnut Hill, Ritterhouse Square or any other half-way house
before entering Society Hill. Rather, the advantage is in a quick purchase before prices get too high.

III. The Implications

From the empirical data and the foregoing analysis, 14% of owner-occupied households and about 30% of households in rental accommodation appear to have returned from the suburbs to Society Hill. Since there are 564 owner-occupied units and 1911 rental units in Society Hill,21 and assuming 2.75 inhabitants per owner-occupied unit whereas 1.75 per rental unit,22 then at most, 25% of Society Hill's residents have returned from the suburbs. Since between 1965 and 1970 the entire city attracted over 6% of its population from the suburbs and beyond,23 it would be fairer to conclude that closer to 20% of Society Hill's population were attracted from the suburbs explicitly by the area's charm and investment potential.

Thus the return from the suburbs has not been a ceremonious pilgrimage back to the city but a rather limp trickle of highly selective suburbanites. Nevertheless, the myth of mass suburban influx has persisted and even thrived, probably due to the paucity of publicised statistics. Since a Sunday afternoon saunter round Society Hill - a favourite Philadelphia pastime - confirms the impression that the area has indeed attracted middle and upper class residents, it is natural to concur with the extensive civic-minded publicity that these residents have returned from the suburbs. Where else could they have come from? This is certainly the considered evaluation of Edmund Bacon,
Executive Director of the Planning Commission till 1970. That Bacon has not examined more closely the outcome of his Society Hill urban renewal plan is perhaps not surprising, since the main purpose underlying all his work as a planner was, in his own words, "to get the ideas and images established before the subject surfaced as a public issue." So why the trickle and not the pilgrimage? Perhaps the question makes more sense on its head: had Society Hill attracted 80% of its residents from the suburbs, what would have enticed them?

Rapkin and Grigsby in their study of Residential Renewal in the Urban Core, provide extensive data on the characteristics of downtown Philadelphia households. They have identified four factors that distinguish downtown households from others: age of residents, income, location of employment, and structure; Table 2 gives details.

<table>
<thead>
<tr>
<th>Housing type</th>
<th>Household Characteristics in Central Philadelphia.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Characteristic</td>
</tr>
<tr>
<td>medium-high rent apts.</td>
<td>98</td>
</tr>
<tr>
<td>single family houses</td>
<td>90+</td>
</tr>
</tbody>
</table>

Only 6.6% of households in metropolitan Philadelphia have all four characteristics. In 1960, then, the number of suburbanites
likely to move back to the city low. Although high income
and central city employment are characteristic of Society Hill
residents, the age structure assumed by Rapkin and Grigsby is
not. Most households in Society Hill are still childless but
the number of children in the area is above average for high
income central city residential accommodation. In 1970, 13.6%
of Society Hill's population was under 20 years old.27 Conversely
53.5% of the population was between 20 and 44 years old. The
overwhelming proportion of young executives and professionals,
a few with children, enlarges the potential number of suburbanites
who might have moved into Society Hill, but this migration has
not occurred.

The immediate and personal reasons why middle and upper class
residents moved to the suburbs are specific and well established:
i) to get more land and a larger house, which could no longer be
bought or built in the city. ii) to invest in property. iii) to
guarantee the safety and freedom of a large garden in which
children can play. iv) to escape the unpleasant physical decay
of central cities. v) to decrease the risk of crimes against the
body. vi) to avoid living close to the poor and Blacks.

Society Hill did not attract suburbanites back to the city
because it failed to provide the advantages of suburban living or
to eschew the disadvantages of downtown living. For the price
of their suburban home, most suburbanites would have had to accept
a smaller home in Society Hill. And although there are numerous
open public spaces in Society Hill, and many houses have small
gardens, children are neither so safe nor so free as on an acre in the suburbs. In addition, despite its pleasing physical environment and extensive security, Society Hill is bounded to North and South by squalid neighbourhoods with a large proportion of Blacks. To Society Hill's gentile upper classes, these neighbourhoods are distasteful.

Thus, without recreating the suburbs within the city only a small selection of the suburban population will be attracted back to Society Hill. And any attempt to recreate the suburbs within the city would be misguided in the extreme.

The major disadvantage with suburban living, and one on which Society Hill's planners relied heavily on, is inaccessibility. The journey to work, to shop and to play is time-consuming and expensive, and requires transport.

But with the decentralisation of employment and the growth of suburban shopping malls in metropolitan Philadelphia this burden is eased. Commuting into Philadelphia has become easier in the last ten years, partly because fewer people are working in the city centre, but also because transportation is more efficient. The ultramodern Lindenvold Speedline - a single route precursor of San Francisco's BART system - has serviced and stimulated suburban development in the Jersey suburbs to the east. The perennial promise of a completed I-95 - the interstate highway connecting New York, Philadelphia and Washington which will run immediately to the east of Society Hill - has undoubtedly encouraged many middle and upper class
families to retain their suburban homes to the north. Meanwhile, the Main Line and other suburbs to the west have been aided by extensive improvements made to their main commuter route, the Schuylkill Expressway. It is a significant measure of this road's improvement that it is no longer known by its erstwhile local nickname - "The Surekill Crawlway."

The distribution by previous residence of city dwellers moving into Society Hill reveals one common and significant trend in intra-urban migration. 19% of those rehabilitating property and coming from within the city lived previously in the fashionable enclave around Rittenhouse Square (Table H). For most of this century, "The Square" has been Philadelphia's most fashionable location; it was here at the beginning of the century that Old Philadelphia's families built plush town houses. Much beloved by Jane Jacobs for its vitality and diversity, Rittenhouse Square remains fashionable today but is in decline due to an influx of commercial activity. Many of its social elite have shame-facedly joined the exodus to suburbia, and their mansions have been converted into high rent apartments, banks, clubs, hotels or government offices. As Society Hill depose the Square as Philadelphia's fashionable enclave, many of the Square's younger elite procured themselves an apartment in Society Hill or a house to restore.

Together with Society Hill, Rittenhouse Square accounts for nearly half of the city dwellers who purchased rehabilitation property in Society Hill. The remaining half come from more
diverse locations, but can be traced to less central middle or upper class residential districts such as Germantown, Chestnut Hill and Spruce Hill — a once fashionable suburb three miles from Society Hill, but now well within the city, and which operates as a reservoir of rented and owner-occupied housing for the University of Pennsylvania in an otherwise Black slum.

What appears to have happened within the city, then, is a reconsolidation of fashionable residences with Society Hill. This reconsolidation accounts for more of Society Hill’s residents than does any reverse migration from the suburbs.

That Society Hill has not attracted disillusioned suburbanites in no way detracts from its vitality, however, nor from the new dawn being worshipped in Philadelphia. In the words of Nathaniel Burt:

The renaissance of Society Hill ... is just one piece in a gigantic jigsaw puzzle which has stirred Philadelphia from its hundred-year sleep, and promises to transform the city completely. This movement, of which the return to Society Hill is a significant part, is generally known as the Philadelphia Renaissance.29

Though the "return to Society Hill" is a myth, the Renaissance is real. But it is a renaissance of city folk, by city folk, and, at least in its immediate results, for city folk. That is, certain city folk. Nonetheless, not even this renaissance will hasten a future influx of disillusioned suburbanites; the suburbanite’s disillusionment, like his return to Society Hill,
may well be a myth. At best, the development surrounding Society Hill, such as in Queens Village, will produce more jobs and a few houses for middle class professionals rather than for their working class residents who are now being forced to leave by higher rents and property tax assessments. But if Society Hill failed to attract suburbanites, so too will Queens Village.

In terms of new employment, the Market Street East Project between City Hall and Society Hill comprises mainly new office buildings and like Society Hill has become a symbol of progress and success; also like Society Hill, the symbol is not the reality. In September 1976 the project's first completed building - 1234 Market Street which houses the Redevelopment Authority - still had vacant office space three years after its opening; the Redevelopment Authority had been unable to find an interested lease holder. Nor in the short term is Society Hill itself likely to become more attractive to suburbanites; that time has passed. As of January 1975, according to a Redevelopment Authority list of people interested in rehabilitating the last few scraps of eighteenth and nineteenth century property in Society Hill, only 10% are from the suburbs, the same proportion as from around Rittenhouse Square alone.

Its centre city location, its rich architecture, its uniqueness as an urban renewal project and the extensive publicity extolling its every virtue have made Society Hill the symbol of the Philadelphia Renaissance. But the symbol is misleading, and one could be forgiven the impression that the gap between myth and reality was actively maintained.
Conceived under the banner of "Back to the City", the Washington Square East Urban Renewal Plan was ambitious even before it was prestigious, and could not afford to fail. The reputations and profits of planners and bankers required an untarnished symbol. But a failure in Society Hill would not only have carried many promising careers in its wake; it would have decimated many bank accounts, personal and corporate, that had grown fat on federal money. Federal funding for Title I projects came in stages, with each stage dependent on a favourable progress report. A failure to attract suburbanites and thus revitalise the city, would have demonstrated Federal funding for Society Hill to be unjustifiable. It was convenient all round, therefore, so long as Society Hill was vital, prosperous and filled to overflowing with the upper classes, not to investigate the tacit assumption that these were suburbanites and not city folk.

Ironically, or perhaps symbolically, C. Jared Ingersoll, who is credited in the best circles with being the first Old Philadelphian to restore historic property in Society Hill, sold his town house in 1975 for $125,000 and returned to the suburbs.
CHAPTER 4
CONCLUSION

1. Society Hill's success is not unqualified. Certainly it has been a success for Alcoa, for Philadelphia's financial institutions, for the residents themselves and for Society Hill landlords. Presumably it was less successful for the 3,000 or more who were displaced. The Redevelopment Authority relocated nearly 600 families from the area, but no figures were available on their whereabouts or new housing conditions. A study produced in 1958, however, demonstrated that 72% of those displaced by urban renewal projects in the city were relocated in substandard housing.  

Since then only the most general relocation statistics have been kept.

State expenditure in the urban renewal programme was justified as benefiting not only Philadelphia's upper classes and private financial interests but the city's entire population. Indeed, the imaginative justified it as benefiting the whole metropolitan area. This claim rested on two assumptions: that restoring historical property benefits the entire metropolitan area, and that the redevelopment of Society Hill would provide substantial tax revenues for Philadelphia.

The cultural value of restoring such an historical landscape is considerable, and itself a worthwhile project. At weekends, the streets are thronged with sight-seers and suburbanites, city dwellers and locals, strolling through Society Hill. But not all of Philadelphia's citizens have
benefited from the historic, cultural and architectural experiences of Society Hill. Society Hill is a White enclave with only a negligible number of Blacks. Although a third of Philadelphia's population is Black, Sunday strollers are also White; Blacks rarely enter Society Hill. Blacks have no use for its history since in the eighteenth century they were slaves; it is not their history. The poor, Black or White, have no use for its affluence, charm and popularity except as the receding American Dream. Society Hill's cultural benefits, like its financial benefits, were designed for middle and upper class Whites.

The urban renewal programme was intended to increase the city's tax revenue by replacing slums with luxury housing. In 1958, immediately prior to the plan's execution, the annual property tax from Society Hill brought £600,000 to the City compared with £1.7m in 1975. Since part of this increase was due to a higher tax rate, the scheme has added less than £1m per year to the City coffers. Although the final figure will exceed £1m, it will still take 30 or 40 years before combined State expenditure in recouped as tax revenue. Thus, the rejuvenation of Society Hill has not expanded Philadelphia's tax base; its effect has been negligible particularly when compared with the city's 1977 Fiscal Budget of £479m.

Perhaps the planners are not to blame for this failure to provide larger tax returns. In 1958 the total assessed value of Society Hill property was about £1.8m. Since then, a net £13.8m has been added due to renewal activities. This rise in
assessment values does not reflect the rise in property values. In unit 1, the average sale price for residential property rose from $13,124 in 1963 to $26,692 in 1975 (Table J); in the other units prices have more than doubled over the same period.

As a Philadelphia community, Society Hill has unrivalled political clout. By pressuring Federal, State and City governments, it forced the new I-95 interstate highway to be built underground along the stretch parallel to Society Hill. It has been alleged, therefore, that due to Society Hill's community power, and due to the number of influential people in Society Hill — not a few of them who work for the city government — City Hall has suppressed assessment increases. The figures seem to substantiate this allegation.

By way of substantive conclusions, Society Hill reveals less about contradictions in advanced capitalism than it promises. Due to acquiescence by the State and acceptance by the public, contradictions have remained latent. By way of hypotheses, however, Society Hill is fecund, and I shall conclude by mentioning two of these and their implications for further research. First, in the absence of other detailed analyses of downtown residential renewal projects, it is difficult to know whether Society Hill's experience is general. Detailed assessment of other such projects is vital and should reveal whether and to what extent planners have
succeeded in revitalising the central city. All too often, symbolic projects such as Society Hill have been superficially assessed on their physical appearance only.

Second, although in Society Hill the financial institutions cooperated wholeheartedly with the City’s initiative, there is no imperative for them to do so. Rather, Financial Capital is constrained to realise a profit and for this it is not tied to city space. The City, on the other hand, is not constrained by the profit motive but is tied to space; unlike the banks and the middle class, the city government cannot flee to the suburbs. Herein lies the contradiction. Financial Capital is committed to continuing suburban expansion and will only invest in the central city if it is sufficiently lucrative. If investment in the central city began to jeopardise suburban expansion, Financial Capital would be compelled to rationalise its policy by choosing the suburbs or the central city. To the City’s chagrin, its space is limited and this will be a severe handicap in any competition with the suburbs for intensive development. Yet as Harvey notes:

If the flight to the suburbs continues at its present pace (and certainly if it quickens) then there are bound to be serious repercussions within the national financial structure. If the flight does not continue there may be equally serious repercussions for the maintenance of effective demand.²

Detailed analysis of this contradiction and its development should focus first on governmental and financial policies,
the relationship between suburb and city which they imply, and their effect in practice.

This empirical research ought to be matched with the theoretical elaboration of these and other hypotheses. In particular, since the State is increasingly required to guarantee private profits in the production and reproduction of space, a well articulated theory of the State is vital.

The relationship between Federal and City governments on the one hand, and the Redevelopment Authority, the Planning Commission and City Hall on the other is fundamental to any understanding of the State's role in producing space. Only then can the active cooperation and conflict between the State and Financial Capital be integrated into a theory of the production and reproduction of space. Precisely this combination of institutions transformed a neglected slum into the symbolic upper class enclave of Society Hill.
NOTES TO CHAPTER 1


NOTES TO CHAPTER 2


2. ibid., 14.


6. Adde, p. 35.

7. ibid., p. 36.

8. ibid., p. 33.

9. What was good for Philadelphia's business community was naturally defended as good for the community in general.

10. ibid., p. 35.


14. Francois Lamarche, "Property Development and the Economic Foundations of the Urban Question," in Pickvance, p. 91. Lamarche uses "property capital" to refer exclusively to private capitalist investments; like Harvey he was only peripherally concerned with the role of the State. In describing the acquisition payments made by the State (Redevelopment Authority) as "property capital," I have extended the definition of the term.
NOTES TO CHAPTER 3


2. Improvement grants have certainly stimulated gentrification, but the process is sufficiently lucrative in the first place that these are regarded by developers as merely "icing on the cake." See Chris Hamnett, "Improvement Grants as an Indicator of Gentrification in Inner London," Area 5, 1973, 252 - 61.


8. Neither the Planning Commission nor the Redevelopment Authority has attempted or heard of such a study.


10. Since there was only one property sold for restoration in 1975, it was combined with 1972. A complete table of results including subtotals for each renewal unit is given in Table E. in the Appendix.


13. According to William Rafsky, former President of OPDC, many of the earlier pioneers in Society Hill desired both a mansion up the Main Line and one in town. Subsequently, some retained both homes and some sold one or other. Interview, 1/10/76.


15. OPDC, "Statistics on Society Hill."

16. There are no statistics for the Towers. This information was given by Mr. Lipschitz, the manager of Society Hill Towers on 18th September, 1976. A random sampling of application forms was deemed impossible.

17. Information from interviews with the managers of Penns Landing Apartments and Hopkinson House.

18. Since Rapkin & Grigsby (24, 77) find 17% of downtown luxury apartment dwellers to be from the suburbs under normal circumstances, to attribute 30% as attracted explicitly by the charm of Society Hill is generous.


21. OPDC "Statistics on Society Hill."

22. Derived from Rapkin and Grigsby, Table 3, p. 122. These figures are for centre city residents.

NOTES TO CHAPTER A


2. OPDC, "Statistics on Society Hill."


4. David Harvey, 1975, p. 158.
APPENDIX


<table>
<thead>
<tr>
<th>Year &amp; Loans</th>
<th>Banks</th>
<th>Insurance Companies</th>
<th>Other Institutions</th>
<th>Private</th>
<th>Unidentified</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1954</td>
<td>16</td>
<td>5</td>
<td>4</td>
<td>9</td>
<td>17</td>
<td>4</td>
</tr>
<tr>
<td>1959</td>
<td>29</td>
<td>6</td>
<td>3</td>
<td>0</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td><strong>1962</strong></td>
<td><strong>18</strong></td>
<td><strong>4</strong></td>
<td><strong>0</strong></td>
<td><strong>1</strong></td>
<td><strong>0</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

*Figures for 1962 are for January to June inclusive.*


**TABLE B** The Origin of Mortgages for all Society Hill Properties Sold from 1963 at three-yearly intervals.

| Year | Commercial/Industry | Federal | Comm- | Com- | Un- |
|------|---------------------|---------|-------|      |     |
|      | Savings & Loans    | HUD     | ercial| munity| unity |
|      |                     | S+L     | Insur-| Pri- | Pr- |
|      |                     | S+L Bank| ance | ident| ident |
| 1963 | 9                   | 12      | 9     | 0    | 0   |
| 1966 | 1                   | 12      | 5     | 15   | 2   |
| 1969 | 4                   | 11      | 7     | 3    | 1   |
| 1972 | 2                   | 12      | 2     | 22   | 0   |
| 1975 | 1                   | 9       | 5     | 14   | 3   |

Source: abstracted from Philadelphia Real Estate Directory. Due to the large number of unidentified mortgages, these figures can only be taken as rough indicators of institutional activity.
### Table C: Society Hill Residents by Location 5 years ago.
(Percentages)

<table>
<thead>
<tr>
<th></th>
<th>1955 - 60</th>
<th>1965 - 70</th>
</tr>
</thead>
<tbody>
<tr>
<td>No move</td>
<td>57.7</td>
<td>27.0</td>
</tr>
<tr>
<td>Other Philadelphia</td>
<td>33.0</td>
<td>31.0</td>
</tr>
<tr>
<td>Outside Philadelphia</td>
<td>9.3</td>
<td>42.0</td>
</tr>
</tbody>
</table>

Strictly speaking, these figures are for census tract 10 which omits several blocks in Society Hill and includes others not in Society Hill.

### Table D: Location of Owners who Purchased Property in Pine Street for Restoration, 1959 - 75.

<table>
<thead>
<tr>
<th></th>
<th>Same Address</th>
<th>City</th>
<th>Suburbs</th>
<th>outside SMSA</th>
<th>sub-total</th>
<th>unidentified</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1</td>
<td>0</td>
<td>8</td>
<td>1</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>9</td>
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<tr>
<td>Unit 2</td>
<td>12</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>18</td>
<td>20</td>
<td>38</td>
</tr>
<tr>
<td>Unit 3</td>
<td>13</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>17</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>14</td>
<td>4</td>
<td>1</td>
<td>44</td>
<td>22</td>
<td>66</td>
</tr>
</tbody>
</table>

Source: Redevelopment Authority case files.
<table>
<thead>
<tr>
<th>Year</th>
<th>Unit</th>
<th>Same Address</th>
<th>City</th>
<th>Suburbs</th>
<th>Outside SMSA</th>
<th>Unidentifiable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td></td>
<td></td>
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<td>2</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td>5</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>1965</td>
<td>1</td>
<td>3</td>
<td>8</td>
<td>2</td>
<td></td>
<td></td>
<td>2</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
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<td>3</td>
<td>17</td>
<td>7</td>
<td></td>
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<td>27</td>
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<td>1966</td>
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<td>1</td>
<td>8</td>
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<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
<td>17</td>
<td>3</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1</td>
<td>25</td>
<td>4</td>
<td></td>
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<td>32</td>
</tr>
<tr>
<td>1969</td>
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<td></td>
<td></td>
<td>2</td>
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<tr>
<td></td>
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<td>2</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
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<td>1</td>
<td>9</td>
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<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>1972</td>
<td>1</td>
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<td>2</td>
<td></td>
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<td>1</td>
</tr>
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<td>7</td>
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<td>1</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td>1</td>
<td>12</td>
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<td>2</td>
<td>16</td>
</tr>
<tr>
<td>1975</td>
<td>1</td>
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<td></td>
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<td></td>
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<td>1</td>
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<tr>
<td>Net Total</td>
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<td>73</td>
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<td>2</td>
<td>2</td>
<td>102</td>
<td></td>
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</tbody>
</table>

Source: Redevelopment Authority case files.
TABLE H  The Percentage of City-Based Developers, living in the Rittenhouse Square District, who Bought Society Hill Property from the Redevelopment Authority.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of city dwellers (excluding non-movers)</th>
<th>No. from Rittenhouse Square district</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>1965</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>1966</td>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>1969</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>1972/75</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>73</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Redevelopment Authority case files.

TABLE J  Average Mortgage and Sale Price for Unit 1 Properties.

<table>
<thead>
<tr>
<th>Unit 1</th>
<th>1963</th>
<th>1966</th>
<th>1969</th>
<th>1972</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>26,700</td>
<td>19,873</td>
<td>32,825</td>
<td>47,052</td>
<td>46,573</td>
</tr>
<tr>
<td>Price</td>
<td>13,124</td>
<td>14,094</td>
<td>60,000</td>
<td>40,580</td>
<td>56,892</td>
</tr>
</tbody>
</table>
BIBLIOGRAPHY


Jürgen Habermas, Toward a Rational Society, Beacon Press, Boston, 1970.


Redevelopment Authority of Philadelphia, Final Project Reports for Washington Square East Urban Renewal Area Unit 1, Unit 2, Unit 3., unpublished.

