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Assessing the Impact of Local Historic District Designation on Mortgage Foreclosure Rates: The Case of Philadelphia

Kimberly A. Broadbent
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Abstract

This thesis will analyze data of single-family residential mortgage foreclosures in designated local historic districts and similar comparable neighborhoods in Philadelphia, with the hypothesis that there will be fewer single-family residential mortgage foreclosures in the designated local historic districts versus similar comparable neighborhoods. This result would support existing research that has shown that local historic district designation can protect houses from wild fluctuations in market values and can add stability to a historic neighborhood's housing market.

Housing prices began to decline in late 2006 and early 2007 and foreclosure rates skyrocketed, however there have been relatively few studies conducted to assess who has been affected since that time and how these foreclosures have and will continue to affect the economy long-term, in addition to the lasting impact these foreclosures will have on neighborhoods and communities. In fact, there is no publicly-accessible national database of mortgage foreclosures, making research on the subject all that more difficult.

There has not been a study undertaken to determine if local historic district designation has an impact on the occurrence of mortgage foreclosures in Philadelphia, let alone any other large city in the United States. With the issue of foreclosures as timely as it is, a study of this kind is pertinent and may encourage similar studies at a national level. Philadelphia may not yield the dramatic results that a more economically hard-hit city could, but is it worthy to complete this research to see if local historic district designation does in fact correlate with lower rates of foreclosure. If the hypothesis proves to be correct, this thesis will provide an additional supported argument of how local historic districts are generally more stable than similar non-designated neighborhoods, providing yet another reason for the continued creation of local historic districts.

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Comments

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ASSESSING THE IMPACT OF LOCAL HISTORIC DISTRICT DESIGNATION
ON MORTGAGE FORECLOSURE RATES: THE CASE OF PHILADELPHIA

Kimberly A. Broadbent

A THESIS

In

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2011

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Chapter One: Introduction and Background

This thesis will analyze data of single-family residential mortgage foreclosures in designated local historic districts and similar comparable neighborhoods in Philadelphia, with the hypothesis that there will be fewer single-family residential mortgage foreclosures in the designated local historic districts versus similar comparable neighborhoods. This result would support existing research that has shown that local historic district designation can protect houses from wild fluctuations in market values and can add stability to a historic neighborhood's housing market.

Housing prices began to decline in late 2006 and early 2007 and foreclosure rates skyrocketed, however there have been relatively few studies conducted to assess who has been affected since that time and how these foreclosures have and will continue to affect the economy long-term, in addition to the lasting impact these foreclosures will have on neighborhoods and communities. In fact, there is no publicly-accessible national database of mortgage foreclosures, making research on the subject all that more difficult.

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Mortgage Foreclosure Crisis Background

Late 2006 saw the start of a several-year housing market downturn. This thesis will not cover all of the causes of this economic downturn and what resulted, but will instead focus on single-family residential mortgage foreclosures, which is just one outcome of the recession that is sure to remain an issue for years to come.

Our current mortgage foreclosure crisis grew out of the subprime lending industry. This industry emerged in the 1990s due to the need for loans to be given to those individuals with poor credit who would not otherwise qualify for a typical "prime" loan with a standard interest rate. Due to these poorer-credit borrowers being higher risk for the lenders, these new subprime loans carried higher interest rates. These and other mortgages were then bundled together and sold to Wall Street investment banks, and were then securitized and sold to investors in shares. Servicers, who ultimately played a critical role in the

foreclosure crisis, were hired by the Wall Street investment banks to manage the pool of mortgages. This system, in place since the 1990s, resulted in brokers and lenders competing to create the most high-interest mortgages. This was further encouraged by brokers obtaining higher commissions for making riskier, higher-interest loans. Resulting from this was brokers and lenders coming up with new ways to qualify more poor-credit people for mortgages. These new loan types, which included adjustable rate mortgages, teaser interest rates, “no doc” loans and negative amortization loans, resulted in more subprime lending for borrowers that did not have the means of paying off the loans. Additionally, lenders pushed refinancing of mortgages to lower-income or elderly homeowners in urban areas where the homeowners would not have the financial means of paying off these new higher-cost mortgages.¹

Housing prices were still rising throughout 2005, which gave the appearance of a healthy housing market to the general public. Creatively constructed loans continued to be offered to riskier borrowers so that they could own a piece of the “American Dream.” However, by the time of the housing bubble burst in late 2006, more than 15 million subprime loans had been made nationally, and more than one-half of those were outstanding, with the balance having been foreclosed or refinanced. Housing prices began to fall, leaving these subprime borrowers with no way out. The resulting mortgage foreclosure crisis was first concentrated around the worst of the subprime loans, but eventually spread to other loan types by 2007.²

¹ Alan Mallach, “Tackling the Mortgage Crisis: 10 Action Steps for State Government,” The Brookings Institution, (May 2008): 2, 3, http://www.brookings.edu/papers/2008/0529_mortgage_crisis_vey.aspx.

² Idem,” 3.

As the mortgage foreclosure crisis spread, lenders were forced to close down or tighten their credit, further worsening the state of the housing market. In addition to these affects on lenders, the crisis has more acutely taken a toll on the affected homeowners and the neighborhoods in which they live. While initially thought of as a way to increase homeownership rates among lower-income individuals, the subprime lending market has in fact reduced the total number of homeowners in the United States.³

The crisis that was precipitated by subprime lending was further complicated by the resulting spike in unemployment. Not only were some homeowners facing foreclosure due to subprime mortgages, but the recession resulted in higher unemployment rates, meaning that some homeowners were losing their jobs while also facing an inability to make required mortgage payments.⁴

The mortgage foreclosure crisis hit the Sun Belt states and old industrial Rust Belt states the hardest. These states have older urban neighborhoods where African Americans and Latinos were targeted for subprime loans.⁵ According to the Center for Responsible Lending, in 2010 “non-Hispanic whites represent the majority of at-risk borrowers, but African-American and Latino borrowers are more likely to be at imminent risk of foreclosure (21.6% and 21.4%, respectively) than non-Hispanic white borrowers (14.8%).” It is predicted that these communities of color will be disproportionately impacted by the foreclosure crisis by means of indirect loss in wealth due to the decline in value of nearby (foreclosed)

³ Idem,” 4.

⁴ Debbie Gruenstein Bocian, Wei Li, and Keith S. Ernst, “Foreclosures by Race and Ethnicity: The Demographics of a Crisis,” *Center for Responsible Lending* (June 18, 2010), 15.

⁵ Mallach, “Tackling the Mortgage Crisis: 10 Action Steps for State Government,” 5, 6.

properties. The Center for Responsible Lending estimates that “between 2009 and 2012, \$194 and \$177 billion, respectively, will have been drained from African-American and Latino communities in these indirect ‘spillover’ losses alone.”⁶

The foreclosure process can vary based on location. In wealthier neighborhoods, it is more likely that the foreclosed property will be maintained and quickly resold to a homeowner, having little impact on the community. However, in locations with weaker housing markets, such as certain neighborhoods in north, south and west Philadelphia, the demand for housing is so weak that multiple foreclosed properties will either remain abandoned or be sold to speculators, not to new homeowners. This disinvestment in a neighborhood can result in overall neighborhood decline that can put a strain on existing residents and the city’s services. The greatest issue for the neighborhood, then, is how to attract homebuyers to an area with multiple foreclosures and falling home values.⁷

The federal government has attempted to address the foreclosure crisis in several ways with modest success. A program aimed at creating new homeowners was the 2009 Homebuyer Tax Credit, which provided an \$8,000 tax credit for first-time homebuyers and a \$6,500 tax credit for repeat homebuyers. The impact of the tax credit is estimated at 200,000 – 400,000 additional buyers, which is similar to the previous year’s increase of first-time buyers.⁸ The federal government also introduced two foreclosure prevention programs: the Home Affordable Refinancing Program (HARP) and the Home Affordable Modification Program (HAMP). HARP has reached a limited number of homeowners, but HAMP

⁶ Gruenstein Bocian, Li, and Ernst, “Foreclosures by Race and Ethnicity: The Demographics of a Crisis,” 3.

⁷ Mallach, “Tackling the Mortgage Crisis: 10 Action Steps for State Government,” 6, 7.

⁸ Joint Center for Housing Studies, Harvard University, “The State of the Nation’s Housing 2010,” 18.

has proven to be moderately successful, helping to reduce the homeowner's monthly mortgage payment and slow the number of homes entering into foreclosure. It is believed, however, that many of the homeowners who are helped by this program will re-default, as is common with loan modification programs.⁹ Additionally, the federal government allocated \$6 billion to the Neighborhood Stabilization Program to assist with already-foreclosed properties.¹⁰

The City of Philadelphia also attempted to address the foreclosure crisis by means of its Residential Mortgage Foreclosure Diversion Pilot Program, started in 2008. This program allowed for the Sheriff's sale of non-residential and non-owner occupied properties, but required that owner-occupied residential properties received a conciliation conference before the Sheriff's sale could take place.¹¹ The program began as the result of the number of Sheriff's sale auctioned properties jumping to nearly 200 a month in early 2008, which was about a one-third increase from 2006. Homeowners received a face-to-face meeting with the lender and usually a volunteer lawyer who would attempt to work out a deal that would allow the homeowner more time for repayment or reduced rates. Mortgage companies were forced to participate, otherwise they would not be able to go forward with a Sheriff's sale of the property.¹² Philadelphia's program became a model for other cities due to its success, and is credited with keeping almost 60 percent of participants in their homes

⁹ *Idem*, 20.

¹⁰ *Idem*, 2.

¹¹ First Judicial District of Philadelphia, Residential Mortgage Foreclosure Diversion Pilot Program Materials, 2009, 2, 5.

¹² Peter S. Goodman, "Philadelphia Gives Homeowners a Way to Stay Put," *New York Times*, November 17, 2009, <http://www.nytimes.com/2009/11/18/business/18philly.html>.

between mid-2008 and mid-2009.¹³

As of early 2011, when this thesis is being written, the national foreclosure crisis is far from being over. Looking back at 2010, one in every 45 homes nationwide received a foreclosure filing, and the crisis spread as unemployment rose in areas that were not initially affected by the foreclosure crisis. According to James J. Saccacio, chief executive officer of RealtyTrac,

“Foreclosure floodwaters receded somewhat in 2010 in the nation’s hardest-hit housing markets. Even so, foreclosure levels remained five to 10 times higher than historic norms in most of those hard-hit markets, where deep fault lines of risk remain and could potentially trigger more waves of foreclosure activity in 2011 and beyond.”¹⁴

This makes it difficult to compose a “conclusion” paragraph regarding this multi-year event, but it is safe to say that higher foreclosure rates and elevated unemployment rates will continue to be issues that are at the forefront of the nation’s economic recovery agenda for at least the near future.

¹³ Jon Hurdle, “Program Saves 60 Percent of Homes From Foreclosure,” Reuters, June 30, 2009, <http://www.reuters.com/article/idUSTRE55T74A20090630>.

¹⁴ Foreclosure filings in this case included all three phases of foreclosure: default, auction and real-estate owned, and homes that have been repurchased by a bank. Amy Hoak, “Consumer Finance: Foreclosure Rates Slow in Hardest-Hit Areas,” The Wall Street Journal, January 27, 2011, <http://online.wsj.com/article/BT-CO-20110127-714273.html>.

Chapter Two: Methodology

This thesis is an examination of the impact that local historic district designation has on foreclosure rates in Philadelphia. Foreclosure rates are the subject of this study because they are one indication of the stability of a neighborhood, and the preservationist's argument is that local historic district designation contributes to neighborhood stability. A review of existing literature detailing the impact of local historic district designation and existing literature on the mortgage foreclosure crisis was conducted and constitutes the literature review portion of this thesis. Background information on each local historic district was obtained through nomination forms that are located at the Philadelphia Historical Commission office, and was used to provide a brief narrative regarding the history and significance of each district.

Mortgage foreclosure data in Philadelphia was obtained through the Philadelphia Sheriff's office. All mortgage foreclosed properties that went to Sheriff's sale between October 2009 and September 2010 were compiled into a master list and provide a 12-month snapshot in time of foreclosures in Philadelphia. This study is only concerned with single-

family residential mortgage foreclosures, so foreclosed properties that are commercial or rental apartments have been excluded from the foreclosure data. This determination was completed using property searches on the Philadelphia Office of Property Assessment website and by utilizing Google street view images. Properties that went to Sheriff's sale more than once in the study period were counted as only one foreclosed property. Condominium units have been excluded from this study because often they went to Sheriff's sale due to the developer's inability to sell the units, and do not constitute personal mortgage foreclosures.¹⁵ Boundary data of Philadelphia's local historic districts came from the Philadelphia Historical Commission's files.

This research only focuses on locally-designated historic districts, rather than National Register Districts, although some local districts are also National Register Districts or overlap with a National Register District. The National Register Districts are excluded from this study because of the time allotted to complete the research and analysis (as there are nearly 70 National Register Districts in Philadelphia), and because local historic districts generally are places that have benefited more from designation in terms of property values, ethnic and economic diversity, and increased housing stability due to the regulations that accompany designation. It will be noted in the study if the comparable district is also a National Register district.

¹⁵ 1352 Lofts (Broad and South Streets) and the Aria Condominium (15th and Locust Streets) are examples of two new condominium constructions in Center City that moved multiple units to Sheriff's Sale due to an inability to sell the units due to the poor economy.

This thesis excludes local historic districts that are not residential,¹⁶ are too recently-designated (2009 or newer, as the economic impact cannot effectively be measured), only have one building included in the district,¹⁷ are thematic districts,¹⁸ or are too unique and small in size to obtain a comparable district.¹⁹ This leaves the following six local historic districts (with their year of designation):

- Diamond Street (1986)
- Rittenhouse-Fitler (1995)
- Society Hill (1999)
- Girard Estate (1999)
- Spring Garden (2000)
- Old City (2003)

The “Findings” section of each chapter shows how many of the properties located in local historic districts went to Sheriff’s sale during the time period studied, and is then compared to the number of properties in the similar comparable neighborhoods that entered into foreclosure and went to Sheriff’s sale. This analysis is done individually for each local historic district, and the results are compiled and analyzed in the final “Analysis” chapter.

¹⁶ Park Avenue (Mall), designated in 1990, is now owned by Temple University. Originally built as single-family residential housing, it is now entirely owned by the University and therefore will be excluded from this study.

¹⁷ League Island Park (now known as F.D.R. Park), located in south Philadelphia, was the site of the Sesquicentennial Exposition in 1926 and was designed by the Olmstead Brothers. There is only one building included in this local historic district, so it will therefore be excluded from this study.

¹⁸ The Historic Street Paving Thematic District is found throughout the city of Philadelphia, and includes examples of cobblestone, brick, granite block and even one wood block street. As this is a thematic district and not a district designated due to its buildings, it will be excluded from this study.

¹⁹ Greenbelt Knoll, designated in 2006 and located in northeast Philadelphia, includes only 18 single-family detached houses. It is significant for its modernist architecture, landscape architecture, and for being the first planned integrated suburban development in Philadelphia and one of the first in the nation. *Greenbelt Knoll nomination to the Philadelphia Register of Historic Places.*

Determining Similar Comparable Neighborhoods

It is the intention of this study to use similar comparable neighborhoods to each local historic district to compare foreclosures and determine if historic district designation has an impact. The following demographic and housing data was obtained for both the designated district and comparable neighborhood in order to confirm that both districts were comparable:

- Median household income, 2005-2009
- Median home value, 2005-2009
- Type and age of housing stock

Additionally, a comparable neighborhood was defined as an area that a potential homebuyer in a local historic district would also look to for housing. This element of comparability was obtained by speaking with a real estate agent in Philadelphia.

For most historic districts, the first comparable neighborhood is geographically close in proximity to the designated district, so that each studied area has access to the same public amenities such as transportation and schools. In instances where the geographically close comparable neighborhood is not very similar to the local historic district in terms of housing stock and income level, a comparable neighborhood that is similar in the above regards but is not geographically close to the historic district is also used for comparison purposes.

Obtaining the correct number of single-family residential properties in each historic and comparable neighborhood is important for this study. This was done through Philadelphia's Office of Property Assessment online property search tool for each block within the

district boundaries. Properties that were listed as apartments, stores, offices, residential or commercial condos, industrial or garages were excluded from this study, as were properties that are owned by the City or city agencies.

Several forms of graphic information are supplied for each historic district chapter. A map of the local historic district boundaries, in addition to a map showing both the local historic district and the comparable neighborhood, is contained in each chapter. A table containing demographic and housing data for both the local historic district and the comparable neighborhood is also included. GIS mapping is used to graphically display the foreclosure results for each district.

The foreclosure comparison results are contained at the end of each local historic district chapter. These results are then explained in the context of the district and comparable neighborhood. Following the chapters for each district is an Analysis chapter on the combined results and the potential for future study.

Chapter Three: Literature Review

The correlation between local historic district designation and foreclosures has yet to be studied, and this thesis is one attempt to reach an understanding of the relationship between the two. This section of the thesis will look at the impact of local historic district designation on property values and neighborhood stabilization both in Philadelphia and nationwide.

Historic District Designation and Property Values

The issue of property values is one that has been extensively studied because often private property owners view the regulations that come with local historic district designation as an infringement of their property rights. They fear that local historic district designation, with its regulations on the exterior appearance of their historic home, will lower their property value because the designation takes away their right to do as they please with their home and will require them to follow a set of regulations as to how the exterior can be modified.

In reality, writes preservation economist Donovan Rypkema, “what some label ‘restrictions’ can more properly be called protections. What the properties in historic districts are most protected from are the wide and sometimes wild fluctuations in values.”²⁰ Indeed, studies completed in numerous cities over the course of the last several decades have consistently shown that

“property values in local historic districts appreciate significantly faster than the market as a whole in the vast majority of cases and appreciate at rates equivalent to the market in the worst case. Simply put – local historic districts enhance property values.”²¹

In Columbia, South Carolina, a 1995 study showed that homes located in two National Register and locally-designated historic districts increased in price almost 25 percent faster than did homes in the community at large.²² In the state of Florida, a 2002 study found that there was no case where designation decreased property values when looking at 18 historic districts and 25 comparable non-designated districts. On the contrary, there were 15 cases where property values increased at a higher rate in the historic districts than in the comparable districts.²³

Especially important to the topic of this thesis, historically designated properties tend to resist market downturns better than historic non-designated properties. In a Canadian study involving 24 communities in Ontario, Dr. Robert Shipley used sales trends data for

²⁰ Donovan D. Rypkema, *The Economics of Historic Preservation: A Community Leader’s Guide*, (Washington D.C.: National Trust for Historic Preservation, 1994), 42.

²¹ Donovan D. Rypkema, “The (Economic) Value of National Register Listing,” *CRM*, 2002, Vol. 25. No. 1.

²² Tom Shaw, “Studying the Dollar Value of History,” *Forum News*, November/December 1996, Vol. 3, No. 1.

²³ David Listokin et al, “Economic Impacts of Historic Preservation in Florida,” Florida Department of State, Division of Historic Resources, Bureau of Historic Preservation, September 2002.

periods of market fluctuation. His findings showed that in 21% of the cases, the historically designated properties fell in value at a greater rate than the average, and in 32% of the cases they performed the same as the average. An impressive 47% of the cases showed that the designated properties went against the downward trend and did better than average.²⁴

Property values and local historic district designation in Philadelphia were analyzed in a 2005 University of Pennsylvania Masters thesis. Prema Katari found that, in all five of the Philadelphia local historic districts studied, there was a clear increase in property values after designation. In none of the local historic districts did property values freeze, drop, or wildly fluctuate due to local historic district designation.²⁵

The impact of historic district designation on property values in Philadelphia was also looked at in Econsult's 2010 report for the Preservation Alliance of Greater Philadelphia, where they noted that homes in historic districts carry a higher value when compared to homes in non-historic districts. This equaled a 14.3 percent increase in National Register Historic districts and 22.5 percent for local historic districts. Once local historic district designation has occurred, buildings in these districts enjoy an immediate two percent increase in value when compared to the city average, and appreciate at a rate that is one percent higher than the city average for each following year. This effect was constant regardless of location of the local historic district in Philadelphia. Also noteworthy is Econsult's results regarding house values during economic downturns. All Philadelphia home values have

²⁴ Robert Shipley, "Heritage Designation and Property Values: is there an effect?" *International Journal of Heritage Studies*, 2000, vol. 6, no. 1, 93.

²⁵ Prema Katari, "Preservation and Residential Property Values: The Case of Philadelphia," (Masters Thesis, University of Pennsylvania, 2005), 90.

fallen 5.7 percent from their peak in 2007, but values of homes in local historic districts have fallen by only 4.7 percent over the same study period.²⁶

Historic District Designation and Neighborhood Stabilization

Although previously stated that the relationship between local historic district designation and foreclosures has yet to be studied, there was one online article obtained that begins to look into how historic houses are weathering the housing market downturn. This 2010 article states that, although foreclosure rates are at a record high nationwide, foreclosures among historic homes have occurred at a rate lower than the general real estate market. Royce Yeater, Midwest Director for the National Trust for Historic Preservation, was interviewed for the article and agreed that historic districts seem to have experienced fewer foreclosures. He speculates that historic areas may attract more financially-stable homeowners, or that the historic preservation label itself may result in neighborhood stability. He states that “it is clear that in upper-end historic districts, the affluence and stability of buyers helps shape the pattern (of fewer foreclosures).”

The same article goes on to focus on historic houses in lower income areas. Celia Dunn, of Celia Dunn Sotheby’s International, thought that there might be a greater chance for foreclosures in areas where the houses are lower end, fixer-uppers that attract investors mainly because of tax credits. She speculates that “when the homes lose value, they can’t sell them. And if renters aren’t there, or if the investors don’t want to rent the homes, they might walk away from the investment.” Yeater, however, disagreed with this and said that

²⁶ Econsult Corporation, “The Economic Impact of Historic Preservation in Philadelphia,” March 29, 2010, 23-24.

“many (historic districts) blanket areas of old and very affordable entry-level housing. Many historic districts are populated with ordinary working folks. It might be true that some flippers were caught, ... but no more so than in every other kind of neighborhood.”

The impact of foreclosures on a historic neighborhood is explored in the same on-line article, noting that the impact of the foreclosures on the neighborhood varies based on the strength of the neighborhood. For strong neighborhoods, Yeater states that the neighborhood “is able to weather a few foreclosures. The precipitous drop in property values is making some wonderful historic homes available to those who previously were priced out of the market.” In strong and stable historic neighborhoods, where the homes tend to be well built, those homes that do foreclose have resold quickly and helped to stabilize the neighborhood. Yeater goes on to say that “new, (financially) healthy buyers now can invest in deferred maintenance or rehabilitation, further strengthening the neighborhood.”

In less stable historic neighborhoods, however, the effect of foreclosures on the neighborhood is greater. Yeater notes that the foreclosures diminish whatever stability had been present in the historic neighborhood, but that “there is some evidence that if such a ‘bubble neighborhood’ had historic designation, it would be easier to pull back from decline than a non-historic neighborhood.” This is believed to be somewhat influenced by the availability of rehabilitation tax credits that are offered to various degrees in historic districts. These tax credits create a “pool of capital that, while not aimed at foreclosures, can create reinvestment in those neighborhoods and help mitigate the harmful impact of

foreclosures.”²⁷ Matthew Bauer’s 1995 article “Use It or Lose It” also looked at low income historic neighborhoods and the impact of historic designation. He notes that historic district designation in low income communities is not always viewed favorably by residents and property owners, and that much of this concern is based on the belief that the high costs of rehabilitating historic buildings are not worth the expected return on investment. Gentrification, neglect and abandonment are several outcomes that some believe will occur due to the high rehabilitation costs in low income historic neighborhoods. Bauer argues, however, that

“local historic designation is a more powerful tool than other land use controls for stabilizing property values in low income communities. Designation provides the municipality with the ability to prevent demolition of historic properties by neglect, and the authority to prevent wholesale demolition of the built fabric, which would create swaths of vacant land (and even lower property values). Designation gives district property owners piece of mind in knowing that the neighborhood’s building stock will remain extant, thereby reducing the blight of abandonment.”²⁸

Historic preservation and its important role in Philadelphia was also looked at as part of the literature review, and the benefits of historic district designation are important to note. Philadelphia’s historic districts are home to a more racially, economically and educationally diverse population than the city as a whole. They retain population better than the city as a

²⁷ Jim Mallery, “Foreclosures at Historic Highs, but Historic Homes Not Feeling the Pressure,” Old House Web, <http://www.oldhouseweb.com/how-to-advice/foreclosures-historic-homes.shtml>.

²⁸ Matthew Bauer, “Use It or Lose It,” (Washington: National Trust for Historic Preservation, 1995), 3.

whole, and attract residents from the suburbs and other places at an impressive rate.²⁹

Although no literature exists directly relating local historic district designation and foreclosures, this literature review provides evidence of the local historic district designation impact as related to property values and neighborhood stabilization. Both are indicators of the health of a neighborhood, and the literature review overwhelmingly supports the hypothesis that local historic district designation contributes to the health of a historic neighborhood.

²⁹ Donovan D. Rypkema and Katherine M. Wiehagen, "The Economic Benefits of Preserving Philadelphia's Past," (Preservation Alliance of Greater Philadelphia, 1998), 8-9. <http://www.preservationalliance.com/files/Economic-Benefits-of-Preserving-Past.pdf>

Chapter Four: Society Hill Local Historic District

Background and History

The Society Hill local historic district, occupying a large southeast portion of William Penn's original city, was designated as a historic district by the Philadelphia Historical Commission in 1999. The historic district is roughly bounded by Walnut Street to the north, Naudain, Gaskill and Lombard Streets to the south, Front Street to the east, and 8th and 9th Streets to the west (Map 1). The district includes 3,403 properties (including individual condo units) that are significant for the evolution of domestic architecture from the mid-eighteenth century through the mid-twentieth century. According to the historic district nomination,

“the district’s overall character rests on one of the nation’s largest concentrated collections of eighteenth and early nineteenth century buildings. The area retains the harmony, scale, materials and rhythm of rowhouse construction and the original pattern of streets, altered only by the redevelopment plan of the 1950s-60s which, itself, has historical significance.”



Map 1. Society Hill local historic district boundaries.

The architecture of Society Hill encompasses many styles and time periods, showcasing an evolution of domestic design. Although best-known for its 18th and early 19th century buildings, the historic district also contains significant mid-20th century high rises and rowhouses, in addition to Pennsylvania Hospital, which began construction in 1755. The rowhouses of the mid-18th century were built in the Georgian style, with red brick Flemish bond façades, steeply pitched gable roofs and multi-pane wooden sash windows. Rowhouses in the Federal style followed, with the first speculative rowhouse development in the city built on the 700 block of Walnut Street. Residential development continued into the mid-19th century in the Greek Revival style, which feature flat red brick façades, shallow gable roofs, and marble watertables and stoops. Several Italianate rowhouses were also

built at this time to replace earlier houses. There was little new construction by the late 19th century, although alterations to existing buildings in more updated styles were popular at this time. The 1960s brought the construction of several low-rise townhouses and high-rise apartments to Society Hill, in addition to the large-scale rehabilitation of existing buildings that is discussed on the following pages.

Society Hill of the 18th and early 19th centuries was a socially and economically mixed and stable community. It was a neighborhood where immigrants, minorities and lower-class workers lived in close proximity to whites, established families, physicians,



Image 1. Typical streetscape found in the Society Hill historic district.

merchants and lawyers. Housing ranged from two-story vernacular bandboxes for workers to four-story Georgian, Federal and Greek Revival dwellings for wealthy residents. During this period, the size of the dwelling, rather than location, denoted social class and affluence. Although African-Americans generally lived dispersed in the city, there was a concentration in part of the Society Hill district that eventually became the center of black Philadelphia.

By the late 1800s, Society Hill experienced a population decline of wealthy residents that migrated north and west of center city to escape the industrializing city and its associated factories. The population decline did not last long, however, as immigrant refugees from Eastern Europe, Russia and Italy replaced those who had left and created a population spike for the city. Society Hill provided these residents with factory jobs and an ample housing supply. Some of these houses were then converted to ground-floor storefront properties by immigrant residents. Well-to-do Russian Jews bought up housing along Spruce and Pine streets, providing a sense of stability for the neighborhood once again.

Eventually economic stress led to a decline of Society Hill during the late nineteenth and early twentieth centuries and the Jewish population moved out, but a unique intervention by several city agencies reversed this trend. Prior to the 1950s, Society Hill had declined to such an extent that it was considered a slum by some accounts. After the second World War, however, two factors shaped the future of the neighborhood. First, there was a shortage of adequate housing in Philadelphia. Second, social and political reformers were fighting for the rights of all citizens to have access to well-built housing. Society Hill was recognized as a way to rehabilitate a declining neighborhood as a means of beautifying the city, adding to the adequate housing stock, increasing the tax base, and visually connecting

to Independence National Historical Park. In 1958, the Redevelopment Authority of Philadelphia, the Philadelphia City Planning Commission, and the Philadelphia Historical Commission joined together to implement the Washington Square East Urban Renewal Plan. The plan called for large-scale restoration and reinvestment of the existing housing stock, essentially one of the first large-scale efforts to revitalize an urban neighborhood by means of historic preservation. It was at this time that significant modernist buildings were also constructed in the district, including the Society Hill Towers in 1964 by I.M. Pei.

Focus of the urban renewal plan was on eighteenth and early nineteenth century buildings, and generally required that they be returned to their earliest appearance. This meant that later alterations were removed, which today is viewed as an unfortunate element of the revitalization. Property owners in Society Hill were given a choice in regards to their role in the redevelopment plan: they rehabilitated their building according to the Redevelopment Authority's standards, they sold their property to the Redevelopment Authority, or they faced condemnation. Although a "choice," this forced many property owners to leave Society Hill, resulting in large-scale displacement of lower-income, primarily minority residents, and increased the perception that historic preservation can promote gentrification.³⁰

Present day Society Hill is home to predominately white, college-educated residents of middle or upper-middle class status, with a high rate of owner-occupied housing

³⁰ Society Hill (and Pennsylvania Hospital of Washington Square West) historic district nomination to the Philadelphia Register of Historic Places, September 1998. Form prepared by Laura M. Spina and Elizabeth Harvey, Historic Preservation Planners.

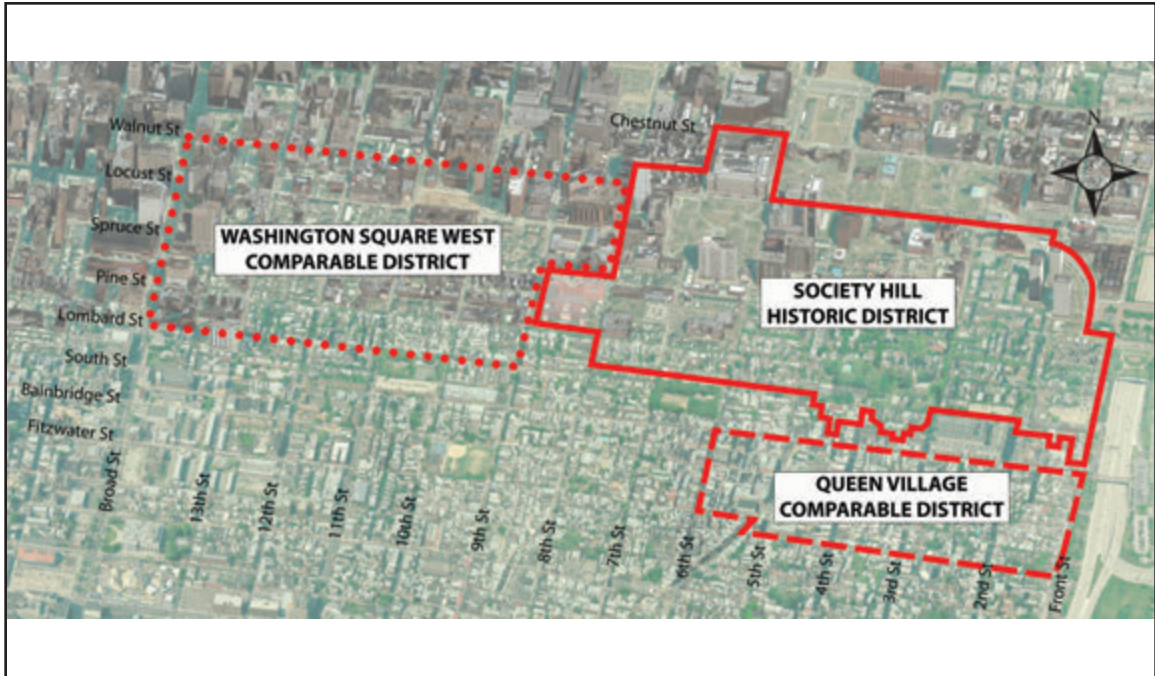
units.³¹ Many former single-family houses have been converted into rental apartments or condominiums, and the neighborhood is viewed as a safe, convenient, appealing place to own or rent a housing unit in center city. The character of the neighborhood is based largely on the good fortune that while other cities were demolishing their historic buildings during urban renewal, the houses in Society Hill remained and were rehabilitated.

Findings

The Society Hill historic district was compared to two similar neighborhoods to determine the difference in occurrence of single-family residential mortgage foreclosures for the time period studied. The Society Hill historic district was defined by its local register district boundaries. The Society Hill local historic district is also a National Register historic district (Map 2).

The first comparable neighborhood is known as Washington Square West and is just west of Society Hill. This comparable neighborhood is also part of the Washington Square West National Register District (designated in 1984), and a section falls within the pending Washington Square West local historic district. This comparable neighborhood was chosen for its similarity to Society Hill in terms of proximity, housing type, age of housing stock and median home value. The Washington Square West comparable neighborhood has a significantly lower median household income when compared to Society Hill, but this can be explained by the much higher percentage of renters in Washington Square West. Many of these renters are young professionals or students with lower incomes than

³¹ Current demographic data for Census Tract 10 from Social Explorer: American Community Survey 2005 to 2009 (5-Year Estimates), U.S. Census Bureau.



Map 2. Aerial view of Society Hill local historic district (solid), Queen Village comparable neighborhood (dashed), and Washington Square West comparable neighborhood (dotted). *Pictometry Bird's Eye* ©2010 Pictometry International Corp and ©2010 NAVTEQ and ©2011 Microsoft Corporation.

the established majority of homeowners in the Society Hill local historic district. These lower incomes bring down the median for the comparable neighborhood, despite this study's focus on owner-occupied single-family residences.

The second comparable neighborhood is known as Queen Village, and is located just south of Society Hill. Part of this comparable neighborhood falls within the Southwark National Register District (designated in 1972). This neighborhood was chosen for its similarity to Society Hill in terms of proximity, housing type and age, and median home value. Additionally, Philadelphia real estate agent Rachel Reilly notes that Washington Square West is a comparable neighborhood to Society Hill in its history and luxury, and Queen Village is a comparable neighborhood to Society Hill in its surroundings and walkability.³²

³² Rachel Reilly, e-mail message to author, March 4, 2011.

Table 1 displays the demographic and housing data.

	Society Hill historic district³³	Comparable neighborhood 1: Washington Square West³⁴	Comparable neighborhood 2: Queen Village³⁵
No. of single-family housing units ³⁶	787	650	476
Construction date of housing	Ranges from 1700s to 1960s	Ranges from 1800s to current	Mid-1800s
Median household income, 2005-2009	\$94,748	\$49,134	\$69,917
Median home value, 2005-2009	\$484,180	\$443,089	\$407,600
% of residents who own their home, 2010	68%	30%	47%
No. of foreclosures, Oct. 2009-Sept. 2010	3	6	3
No. of foreclosures per 1000 properties	3.8 per 1000	9.2 per 1000	6.3 per 1000

Table 1. Demographic and housing data for the Society Hill historic district and comparable neighborhoods. 2000 decennial U.S. Census, Summary File 3 and 2005-2009 U.S. Census' American Community Survey.

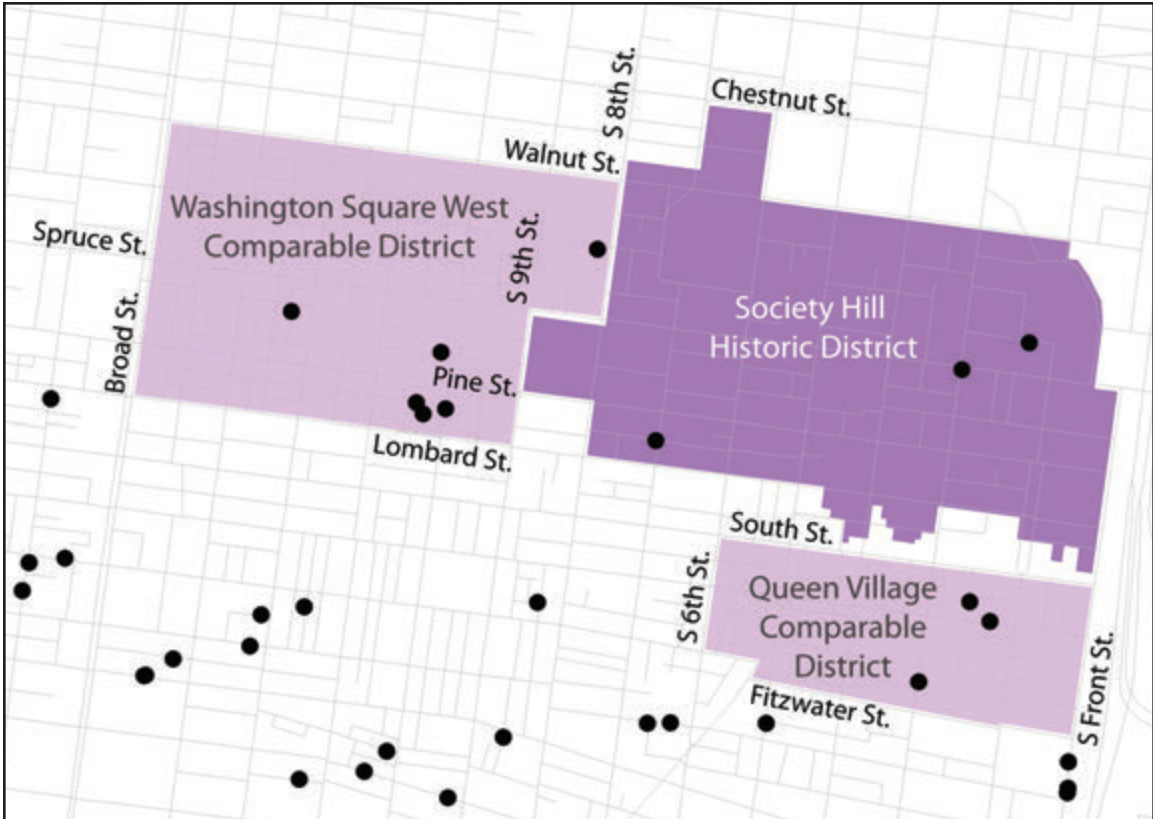
There were three residential mortgage foreclosures in the Society Hill local historic district in the studied time period, compared to six residential mortgage foreclosures in the Washington Square West comparable neighborhood and three in the Queen Village comparable neighborhood in the studied time period (Map 3). In terms of percentages, this equals .38% for Society Hill historic district, .92% for Washington Square West comparable neighborhood, and .63% for Queen Village comparable neighborhood. In other words, this

³³ The Society Hill historic district data came from the following Census Block Groups: 0010001, 0010002, 0010003, 0010004, 0011001.

³⁴ The Washington Square West comparable neighborhood is Census Block Groups 0009001, 0009002, 0009003, 0009004, 0011004, 0011005, 0011006, 0011007 and 0011008.

³⁵ The Queen Village comparable neighborhood is Census Tract 16.

³⁶ Number of single-family housing units was determined using Philadelphia's Office of Property Assessment online property search tool for each block within the district boundaries.



Map 3. Society Hill local historic district in dark purple, and the comparable neighborhoods in light purple. Each black dot represents one residential mortgage foreclosure in the study period.

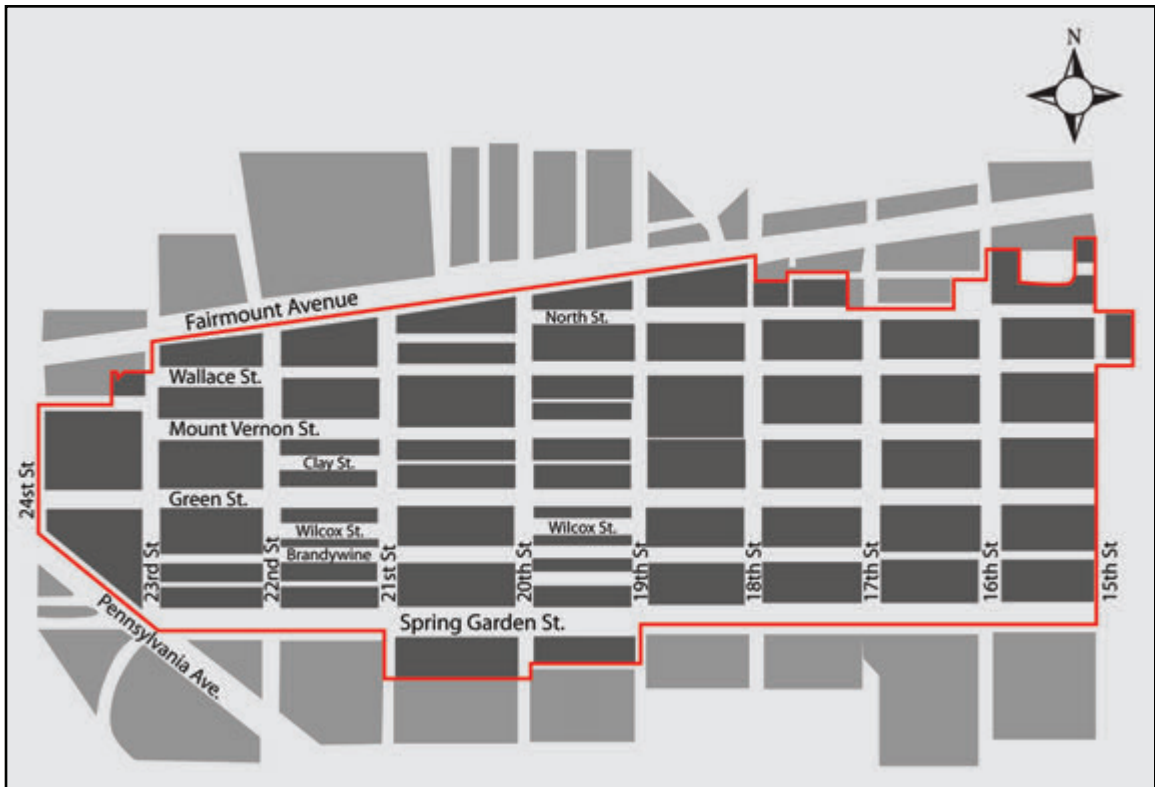
means that for every thousand single-family residential properties, 3.8 went to Sheriff's Sale in the Society Hill local historic district, 9.2 went to Sheriff's Sale in the Washington Square West comparable neighborhood, and 6.3 went to Sheriff's Sale in the Queen Village comparable neighborhood. These findings show that the rate of foreclosure in the Society Hill historic district is approximately half of that found in the two comparable neighborhoods. Local historic district designation for Society Hill has, by these results, contributed to significant stability in the residential housing market when compared to two comparable neighborhoods.

Chapter Five: Spring Garden Local Historic District

Background and History

The Spring Garden local historic district, located just north of center city Philadelphia, was designated as a historic district by the Philadelphia Historical Commission in 2000. The district includes approximately 1,400 buildings that are primarily of late 19th century rowhouse design. The district is significant for its mix of speculatively built and architect-designed rowhouses that form a uniform streetscape, built at a time when Philadelphia's industrial expansion created residential neighborhoods just outside of center city. The historic district is roughly bounded by Fairmount Avenue to the north, Spring Garden Street to the south, North 15th Street to the east, and Pennsylvania Avenue and North 24th Street to the west (Map 4).

Residential development of the Spring Garden historic district occurred in two distinct phases beginning in 1850. Prior to 1850, the land in the historic district was primarily farm land. The first phase of development (1850-1876) involved developers buying



Map 4. Spring Garden local historic district boundaries.

up large tracts of land to build speculative housing. These houses were typically built in the Italianate style, and featured smooth red brick façades, large bracketed cornices and ornamented entrances. The earliest row of construction featured a small grass plot in front of each house, signifying a departure from the congestion of the city. By 1860, nearly half of the approximately 1,400 buildings in the historic district had been built. Construction slowed during the Civil War but increased after the war, with three quarters of all buildings in the district built by 1875.

The second phase of development (1877-1930) involved architect-designed houses built in popular Victorian styles, including Second Empire, Queen Anne, Richardsonian Romanesque, Beaux Arts and Italian Renaissance. These houses were built for the *nouveau*



Image 2. Typical streetscape for the Spring Garden local historic district.

riche industrialists who located just outside of center city. These later houses lack the unity of the earlier construction and are easily identifiable by their abundant use of ornamentation and materials such as marble, brownstone, limestone and patterned brick. Young architects involved in the Spring Garden district included Willis G. Hale, Frank Watson and James H. Windrim. By the close of the 19th century, 88 percent of the historic district had been constructed.

The Spring Garden local historic district has experienced rapid changes in population, race and social class over time. During early development in the mid-1800s, those who moved to the Spring Garden area were successful upper-middle and middle class



Image 3. Typical streetscape for the Spring Garden local historic district.

families that left the downtown. Many of these residents worked for or owned local businesses or factories. The population of Spring Garden remained steady until World War I, at which time city residents were leaving center city and migrating north in large numbers. This resulted in many houses in the district being converted into apartment buildings for the working middle class. The 1920s saw the intrusive construction of the Benjamin Franklin Parkway to the south of the district, which involved the demolition of a working-class neighborhood of houses and factories. This construction visibly separated Spring Garden from center city and eliminated the industrial character of the community. The Great Depression and a high demand for new housing following World War II left Spring Garden

in poor condition. Those who did stay to live in the houses lacked the funds for necessary repairs, and mortgage companies were reluctant to fund these needed improvements in the district. All of these forces combined to drive property values down and hurt the stability of the neighborhood.

Beginning in the late 1960s, however, a renewed interest in the renovation of these buildings resulted in an improved neighborhood where some houses were even converted back into single-family use. In the 1970s, the predominant race in the Spring Garden district was Puerto Rican, resulting in local developers even creating a “Spanish Village” on the 2000 block of Green Street.³⁷ Today the Spring Garden historic district is home to primarily young, white, single, middle-class, college-educated residents that are evenly split between renters and homeowners.³⁸

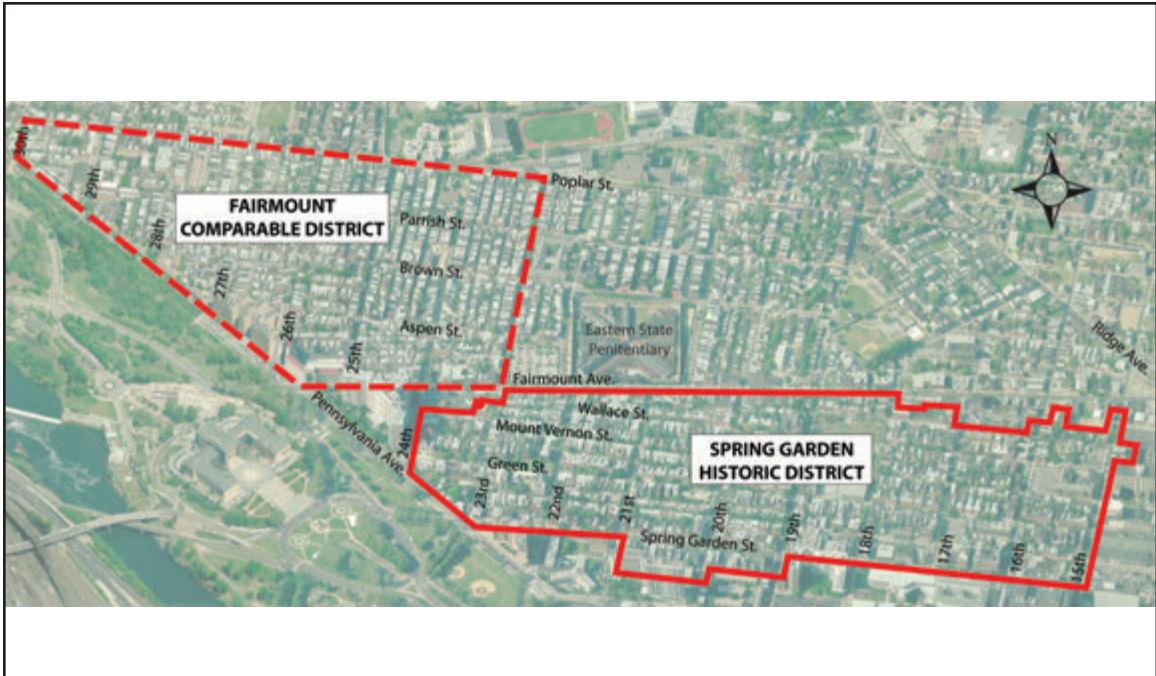
Findings

The Spring Garden historic district was compared to a similar neighborhood to determine the difference in occurrence of single-family residential mortgage foreclosures for the time period studied. The Spring Garden historic district was defined by its local register district boundaries. The Spring Garden local historic district is also a National Register historic district.

The comparable neighborhood is known as the Fairmount section of Philadelphia, and is made up of Census Tract 136 (Map 5). The Fairmount comparable neighborhood

³⁷ Spring Garden historic district Nomination to the Philadelphia Register of Historic Places, 2000.

³⁸ Current demographic data for Census Tract 134 from Social Explorer: American Community Survey 2005 to 2009 (5-Year Estimates), U.S. Census Bureau.



Map 5. Aerial view of Spring Garden local historic district (solid) and the Fairmount comparable neighborhood (dashed). Pictometry Bird's Eye ©2010 Pictometry International Corp and ©2010 NAVTEQ and ©2011 Microsoft Corporation.

boundaries are roughly Poplar Street to the north, Fairmount Avenue to the south, North 23rd Street to the east and North 30th Street and Pennsylvania Avenue to the west. This comparable neighborhood was chosen for its similarity to the historic district in terms of housing type and age, income level of residents, and proximity to the local historic district. Table 2 displays this demographic and housing data.

	Spring Garden historic district³⁹	Fairmount comparable neighborhood⁴⁰
No. of single-family housing units ⁴¹	620	2037
Construction date of housing	1850-1930	circa 1880
Median household income, 2005-2009	\$57,825	\$80,000
Median home value, 2005-2009	\$422,620	\$347,000
% of residents who own their home, 2010	49%	71%
No. of foreclosures, Oct. 2009-Sept. 2010	2	7
No. of foreclosures per 1000 properties	3.2 per 1000	3.4 per 1000

Table 2. Demographic and housing data for the Spring Garden historic district and the Fairmount comparable neighborhood. 2000 decennial U.S. Census, Summary File 3 and 2005-2009 U.S. Census' American Community Survey

There were two residential mortgage foreclosures in the Spring Garden local historic district in the studied time period, compared to seven residential mortgage foreclosures in the Fairmount comparable neighborhood in the studied time period (Map 6). Since these two neighborhoods are not similar in the number of single-family housing units,⁴² it is important to analyze this data in terms of percentages. This analysis shows a foreclosure rate of .32% for the Spring Garden local historic district and .34% for the comparable neighborhood, or 3.2 foreclosures per thousand properties and 3.4 foreclosures per thousand properties, respectively, which is statistically insignificant. The Spring Garden historic dis-

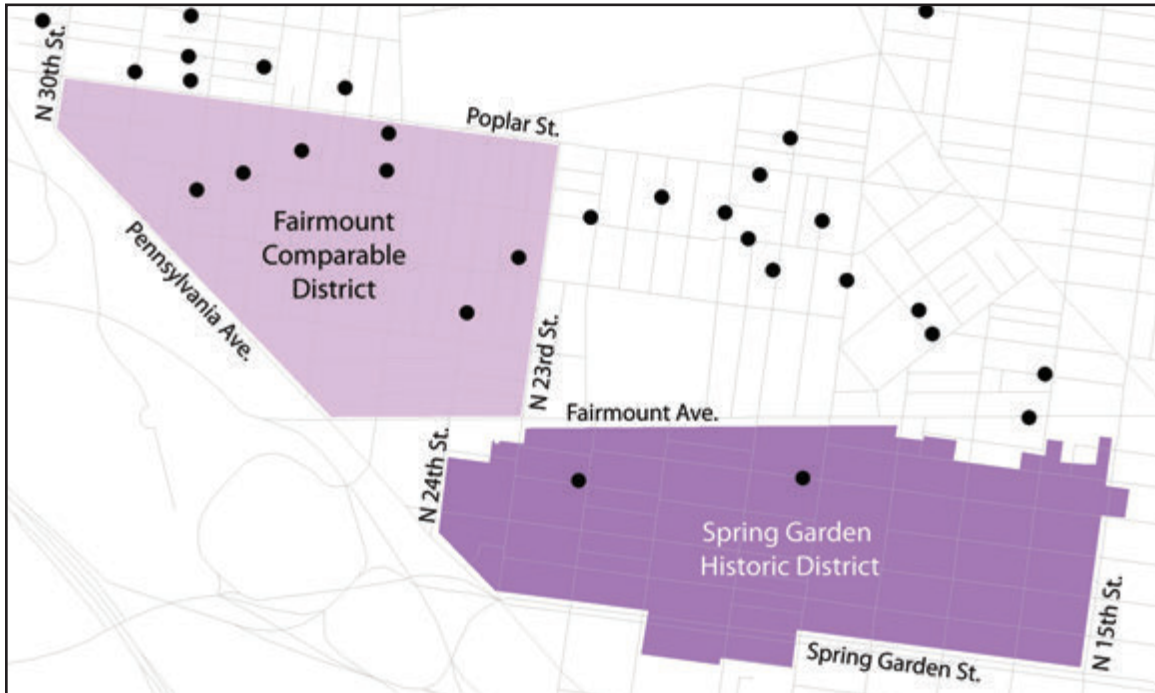
³⁹ The Spring Garden historic district data came from the following Census Block Groups: 0134001, 0134002, 0134003, 0134004, 0134005, 0134006, 0134007, 0133004, 0133005, 0133006. All data other than number of housing units is the average for all Census Block Groups.

⁴⁰ The Fairmount comparable neighborhood data came from Census Tract 136.

⁴¹ Number of single-family housing units was determined using Philadelphia's Office of Property Assessment online property search tool for each block within the district boundaries.

⁴² Although originally similar in the number of single-family housing units at the time of construction, the Spring Garden local historic district has since experienced a large amount of conversions to rental apartments, whereas the Fairmount neighborhood has not experienced such a conversion of its housing stock.

trict, then, is an example where historic district designation did not have an impact, either positive or negative, on the rate of single-family residential mortgage foreclosures.



Map 6. Spring Garden local historic district in dark purple, and the Fairmount comparable neighborhood in light purple. Each black dot represents one single-family residential mortgage foreclosure in the study period.

Chapter Six: Rittenhouse Fidler Local Historic District

Background and History

The Rittenhouse Fidler local historic district, located in center city Philadelphia, was designated as a local historic district by the Philadelphia Historical Commission in 1995. It is also a National Register historic district. Its boundaries are roughly Sansom Street to Lombard Street, and 15th Street to 23rd Street (Map 7). According to the local historic district nomination, the buildings in the historic district possess significance

“not just as a grouping of individual landmarks, but rather as a series of streetscapes that give the area a unique sense of time and place. These streetscapes vary from two story rowhouses of backstreets such as Addison and Smedley, through the four story rowhouses of Pine and Spruce Streets to the mixed scale of rowhouses and apartment towers on Rittenhouse Square and Walnut Street.”

The Rittenhouse Fidler historic district was built in roughly three phases. The first phase was speculative housing, built between 1820 and 1870 primarily as rowhouses. The second phase, between 1870 and 1914, featured architect-designed town houses and institutional buildings. The third phase occurred just before World War I and included high-rise apartments.



Map 7. Rittenhouse Fidler local historic district boundaries.

Prior to residential development beginning in 1820, the Rittenhouse Fidler area was primarily wooded. The speculative rowhouse construction that followed provided housing for the growing middle class that moved to the Rittenhouse Fidler area from Society Hill and Washington Square West. These early rowhouses were in the Greek Revival and then Italianate styles, and included ornamentation such as decorative cornices and marble or brownstone accents by the mid-19th century.

By 1870, Rittenhouse was the locus of residential development and property owners began to commission architects to remodel their individual rowhouses. Architects whose work can be found in the Rittenhouse Fidler district includes Frank Furness, Wilson Eyre, Horace Trumbauer and Paul Cret, the latter who redesigned the landscape of Rittenhouse Square in 1913.



Image 4. Typical architecture of the Rittenhouse Fitler local historic district.

Just prior to World War I, the third phase of development began and high-rise apartment buildings quickly altered the formerly low-rise skyline. These are primarily found surrounding Rittenhouse Square and interspersed along Spruce Street. Following the war, the charm and character of the small rowhouses on back streets was recognized by families who renovated these properties instead of replacing them.⁴³

The Rittenhouse Fitler local historic district today is home to primarily white, single, middle-aged, college-educated residents. The majority of residents rent housing units rather than own, and most single-family housing units are located in the southern half of the district on narrow backstreets such as Panama, Addison and Waverly Streets.⁴⁴

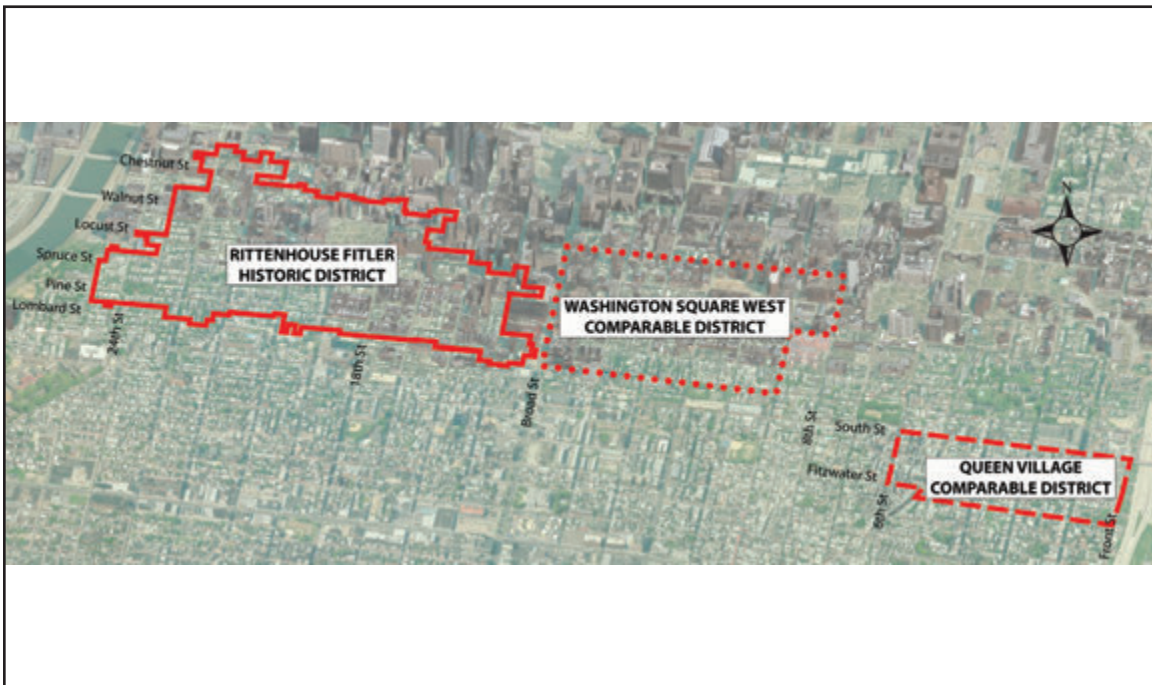
⁴³ Rittenhouse Fitler local historic district nomination to the Philadelphia Register of Historic Places, written 1987, designated 1995.

⁴⁴ American Community Survey 2005 to 2009 (5-Year Estimates); U.S. Census Bureau.

Findings

The Rittenhouse Fitler local historic district was compared to two similar communities to determine the difference in the number of single-family residential mortgage foreclosures for the studied time period (Map 8). The two chosen comparable neighborhoods are similar to the Rittenhouse Fitler historic district in median household income and median home value. The Rittenhouse Fitler historic district was defined by its local historic district boundaries.

The first comparable neighborhood is the Queen Village area of east Center City. This comparable neighborhood was chosen for its similarity in median household income, median home value, and in its proximity to the Rittenhouse Fitler historic district. A por-



Map 8. Aerial view of Rittenhouse Fitler local historic district (solid red) and the Queen Village comparable neighborhood (dashed) and Washington Square West comparable neighborhood (dotted) to show proximity. Pictometry Bird's Eye ©2010 Pictometry International Corp and ©2010 NAVTEQ and ©2011 Microsoft Corporation.

tion of this comparable neighborhood falls within the Southwark National Register District, designated in 1972. Queen Village is comprised of Census Tract 16, between South Street and Fitzwater Street, and South 6th Street to South Front Street.

The second comparable neighborhood is the Washington Square West area of east Center City. This comparable neighborhood is also part of the Washington Square West National Register District (designated in 1984), and falls within the pending Washington Square West local historic district. This comparable neighborhood was chosen for its similarity in median home value and its proximity to the Rittenhouse Fidler historic district. Its boundaries are Walnut Street to Lombard Street, and South Broad Street to South 8th and 9th Streets.

	Rittenhouse Fidler historic district⁴⁵	Comparable neighborhood 1: Queen Village⁴⁶	Comparable neighborhood 2: Washington Square West⁴⁷
No. of single-family housing units ⁴⁸	1,070	476	650
Median household income, 2005-2009	\$66,127	\$69,917	\$49,134
Median home value, 2005-2009	\$479,000	\$407,600	\$443,089
No. of foreclosures, Oct. 2009-Sept. 2010	1	3	6
No. of foreclosures per 1000 properties	1 per 1000	6.3 per 1000	9.2 per 1000

Table 3. Demographic and housing data for the Rittenhouse Fidler historic district, Queen Village comparable neighborhood, and Washington Square West comparable neighborhood. 2000 decennial U.S. Census, Summary File 3 and 2005-2009 U.S. Census' American Community Survey

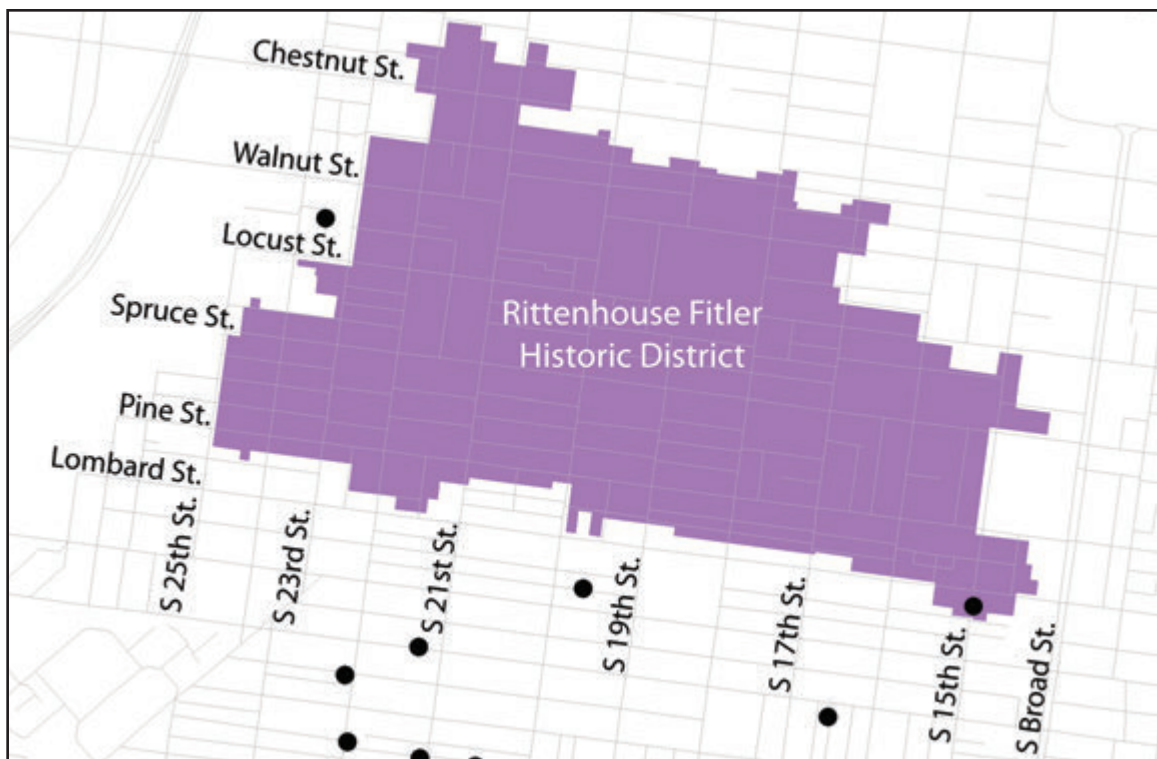
⁴⁵ Median values for Rittenhouse Fidler historic district are averages of Census Tracts 8 and 12.

⁴⁶ Median values for Queen Village comparable neighborhood are from Census Tract 16.

⁴⁷ Median values for Washington Square West comparable neighborhood are averages of the following Census Block Groups: 0009001, 0009002, 0009003, 0009004, 0011004, 0011005, 0011006, 0011007, 0011008.

⁴⁸ Number of single-family housing units was determined using Philadelphia's Office of Property Assessment online property search tool for each block within the district boundaries.

There was one single-family residential mortgage foreclosure in the Rittenhouse Fitler local historic district, compared to three residential mortgages foreclosures in the Queen Village comparable neighborhood and six in the Washington Square West comparable neighborhood (Map 9). In other words, for every thousand single-family residential properties, one went to Sheriff's sale in the Rittenhouse Fitler local historic district, 6.3 went to Sheriff's sale in the Queen Village comparable neighborhood, and 9.2 went to Sheriff's sale in the Washington Square West comparable neighborhood. The Rittenhouse Fitler historic district is a case study where local historic district designation may have provided significant additional neighborhood stability when compared to two similar comparable neighborhoods.





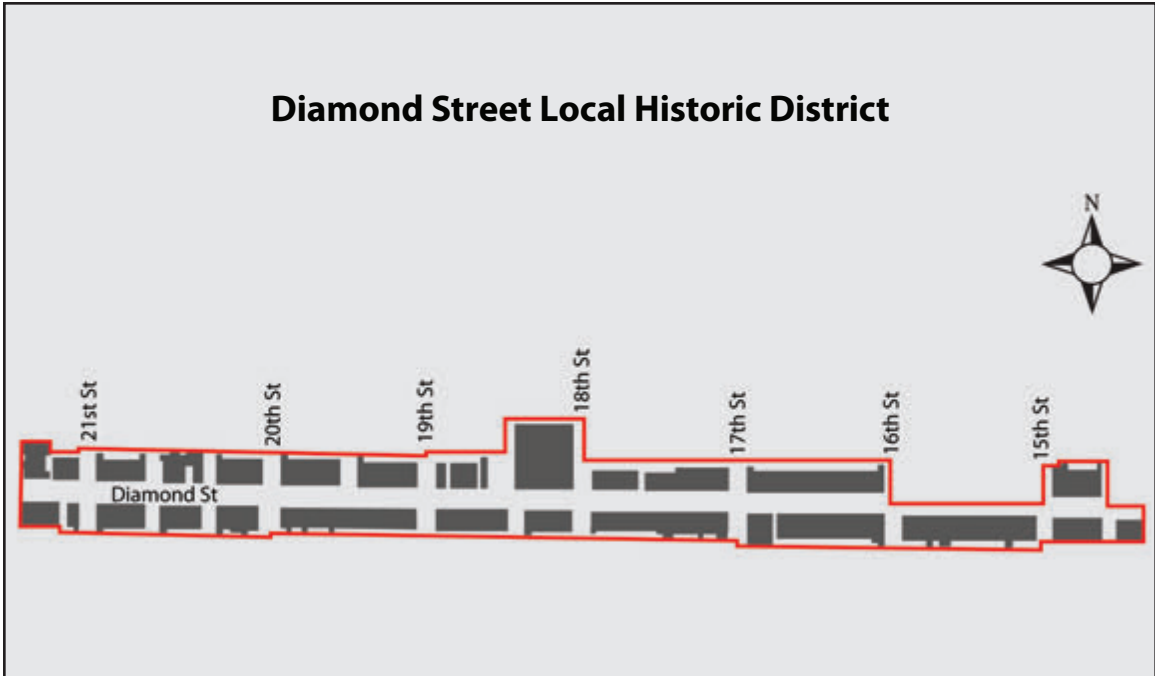
Map 9. Rittenhouse Fidler local historic district in dark purple (previous page), and the comparable neighborhoods in light purple (above). Each black dot represents one residential mortgage foreclosure in the study period.

Chapter Seven: Diamond Street Local Historic District

Background and History

The Diamond Street local historic district, located in North Philadelphia, was designated as a local historic district by the Philadelphia Historical Commission in 1985, and was the first local historic district to be designated by the Commission. Its boundaries are Diamond Street from North Broad Street on the east to Van Pelt Street on the west, and its east end borders the Temple University campus (Map 10). According to the historic district nomination, Diamond Street is significant “as the most intact grand avenue of speculative Victorian townhouses in North Philadelphia and as an expression of the architectural and residential aspirations of the city’s *nouveau riche* during the expansive era of post Civil War industrialization.”

Diamond Street was developed between 1875 and 1900, at a time when Philadelphia’s population was quickly growing and residents with new wealth looked to the north and west of center city for new residential options. The expansion of public transit, in the form of streetcars, made Diamond Street a viable place to live due to ease of commuting



Map 10. Diamond Street local historic district boundaries.

via streetcar into center city for work.

The architecture of Diamond Street is a mix of architect-designed and vernacular houses. All houses are at least three stories in height, span at least two bays in width, and have paired entryways and stoops. Those houses that were architect-designed are generally of the Second Empire style and were built circa 1875. These houses feature projecting bays, segmental arched dormers and slate covered mansard roofs. Several rows that were built slightly later are of the Italianate style, with bracketed cornices, window hoods and arched doorways. Architects associated with the Diamond Street construction include Frank Furness and Willis Hale. Those houses built in the vernacular tradition follow the basic form of the other rowhouses, with brick corbelling as the exterior design element.

The original residents of Diamond Street quickly moved onto new, more



Image 5. Typical streetscape of the Diamond Street local historic district.

fashionable neighborhoods after about ten years of living on Diamond Street. This brought in a second generation of residents, who were of lesser social standing, according to Census records. After 1900, many of these single-family dwellings were converted to apartments. Following World War II, many white residents of Diamond Street and nearby areas moved further north, replaced by a newly emerging African-American community. In more recent years, Diamond Street has been a high poverty and high unemployment area, and the buildings have suffered because of absentee owners or because the owners do not have sufficient funds to maintain the large houses.⁴⁹ According to Shauli David, a real estate agent who recently had a property listed in the historic district, most new buyers of Dia-

⁴⁹ Diamond Street historic district nomination to the Philadelphia Register of Historic Places, October 1985. Form prepared by Randal Baron.



Image 6. Typical rowhouse architecture of the Diamond Street local historic district.

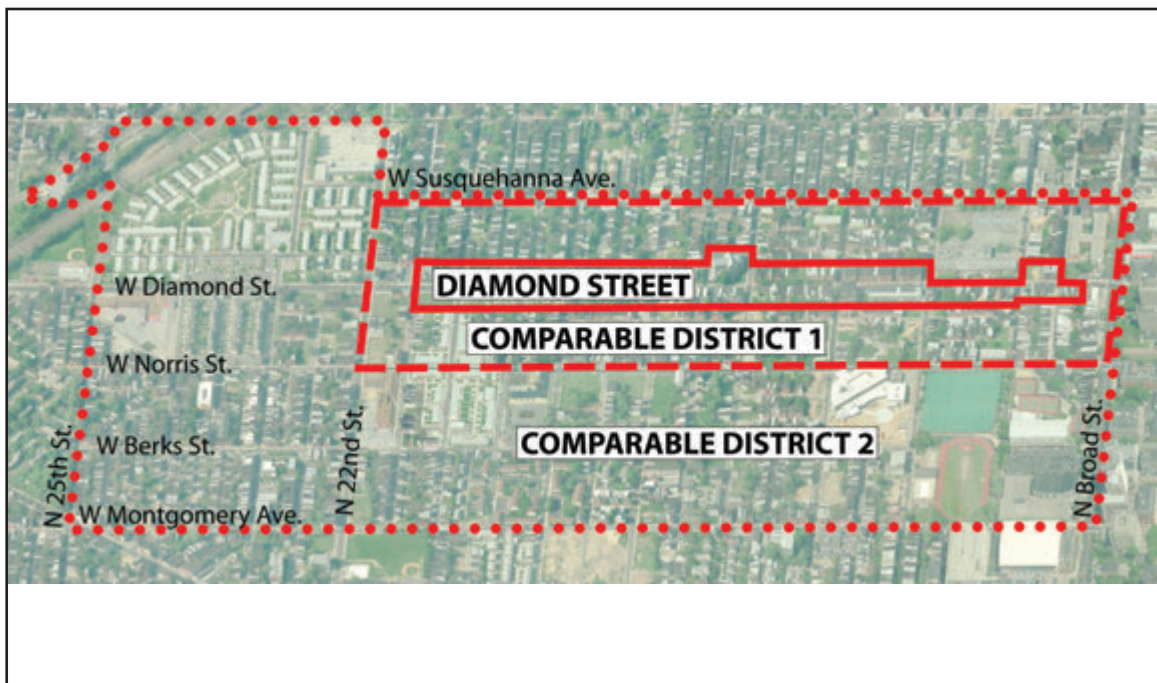
mond Street properties are looking to rent them out to Temple University students, which has been the case for at least the last five years.⁵⁰

Findings

The Diamond Street local historic district was compared to two similar neighborhoods to determine the difference in the number of single-family residential mortgage foreclosures for the studied time period. The Diamond Street historic district was defined

⁵⁰ "Diamond Street Attracts Landlords," Brownstoner Philadelphia, posted June 18, 2010. http://philly.brownstoner.com/2010/06/diamond_street_attracts_landlo.php

by its local historic district boundaries. Because of the small size of the Diamond Street historic district and its similarity to many surrounding streets, comparable neighborhoods were chosen that bordered the historic district (Map 11). The first comparable neighborhood was used to see if close proximity to the designated area had an impact, and the second comparable neighborhood was chosen to determine the outcome of expanding that first comparable neighborhood, but staying within the same census tract.



Map 11. Aerial view of Diamond Street local historic district (solid), comparable neighborhood 1 (dashed), and comparable neighborhood 2 (dotted). Pictometry Bird's Eye ©2010 Pictometry International Corp and ©2010 NAVTEQ and ©2011 Microsoft Corporation.

Comparable neighborhood 1 was defined as the area one block in any direction from the local historic district. The boundaries of this are West Susquehanna Avenue to the north, West Norris Street to the south, North Broad Street to the east, and North 22nd Street to the west. This comparable area falls within census tracts 152 and 153.

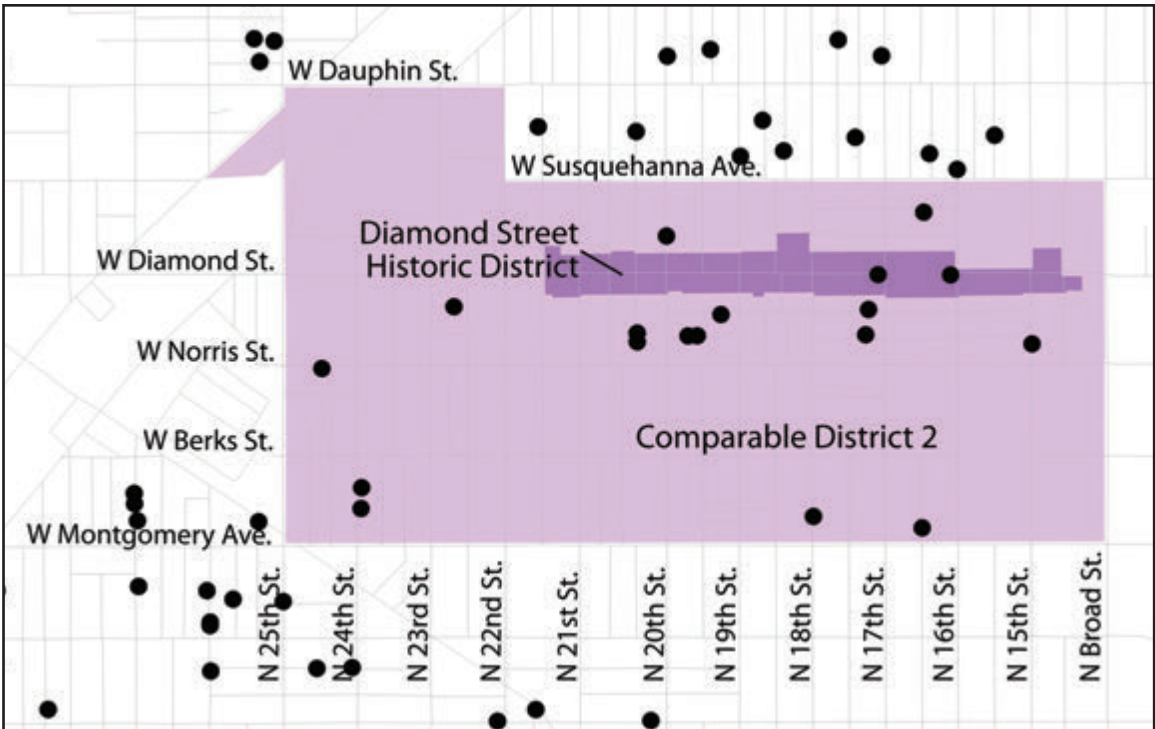
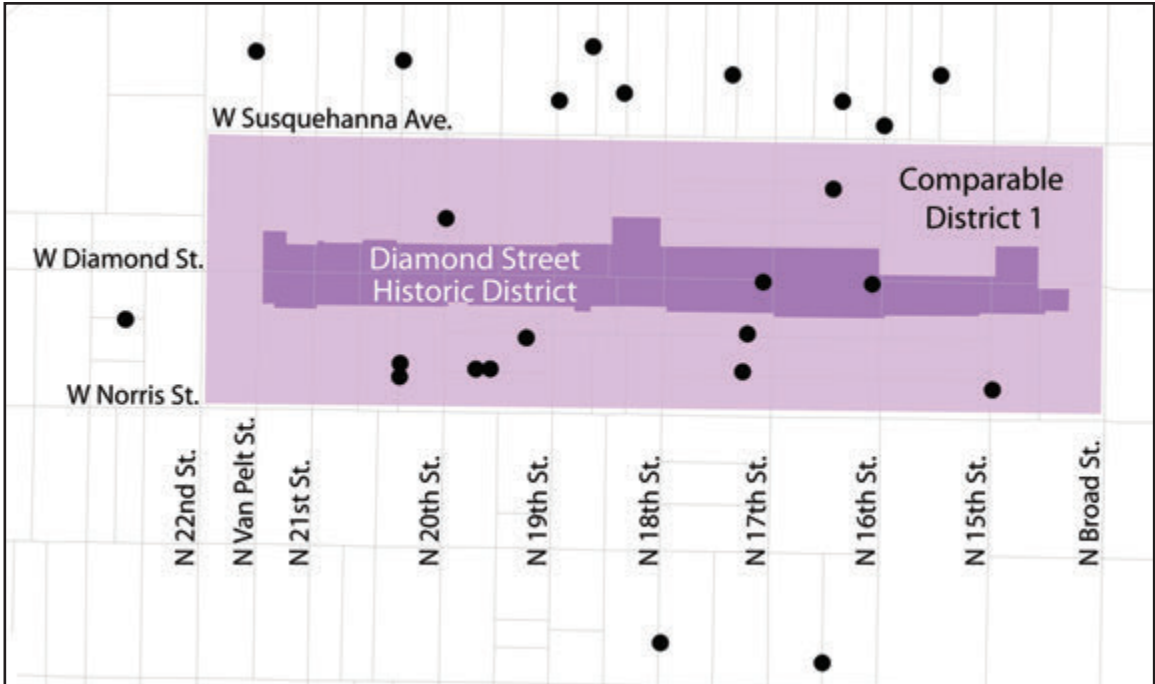
Comparable neighborhood 2 was defined as the entireties of census tracts 152 and 153, which the Diamond Street historic district splits. The boundaries of this comparable neighborhood are roughly West Dauphin Street and West Susquehanna Avenue to the north, West Montgomery Avenue to the south, North Broad Street to the east, and North 25th Street and West Sedgley Avenue to the west. A small portion of this comparable neighborhood falls within the Lower North Philadelphia Speculative Housing National Register District, which was designated in 1999 for its architectural and community planning significance.

	Diamond Street local historic district	Comparable neighborhood 1: One block radius	Comparable neighborhood 2: Both census tracts
No. of single-family housing units ⁵¹	38	607	1571
Construction date of housing	1875-1900	1850-1900	1850-1900
Median household income, 2005-2009	\$12,645	\$12,645	\$12,645
Median home value, 2005-2009	\$49,550	\$49,550	\$49,550
% of residents who own their home, 2010	36%	36%	36%
No. of foreclosures, Oct. 2009-Sept. 2010	2	10	16
No. of foreclosures per 1000 properties	52.6 per 1000	16.5 per 1000	10.2 per 1000

Table 4. Demographic and housing data for the Diamond Street historic district and comparable neighborhoods. Aggregate data for percentage of housing stock, income and homeowner percentages are averaged from census tracts 152 and 153. 2000 decennial U.S. Census, Summary File 3 and 2005-2009 U.S. Census' American Community Survey

There were two single-family residential mortgage foreclosures in the Diamond Street local historic district in the studied time period, compared to ten residential mortgage foreclosures in comparable neighborhood 1 and sixteen in comparable neighborhood 2 in the studied time period (Map 12). As the historic district has a very low number

⁵¹ Number of single-family housing units was determined using Philadelphia's Office of Property Assessment online property search tool for each block within the district boundaries.



Map 12. Diamond Street local historic district in dark purple, and comparable neighborhood 1 (top) and 2 (bottom) in light purple. Each black dot represents one residential mortgage foreclosure in the study period.

of properties that are still single-family residential, it is important to look at percentages of foreclosures. The Diamond Street local historic district had a foreclosure rate of 5.26% (or 52.6 per 1000 properties), while comparable neighborhood 1 had a foreclosure rate of 1.65% (or 16.5 per 1000 properties) and comparable neighborhood 2 had a foreclosure rate of 1.02% (or 10.2 per 1000 properties).

The Diamond Street historic district appears to go against the findings for all other historic districts, in which the designated areas either have lower percentages of foreclosures, or are in line with surrounding communities. However, with an extremely small number of single-family residential properties in total for the district (38), every foreclosure has a significant impact on the percentage of foreclosures. This makes it difficult to draw conclusions from this historic district, but it can be noted that this lower income historic district has a significantly higher rate of foreclosures when compared to the other local historic districts in this study.

Chapter Eight: Old City Local Historic District

Background and History

The Old City local historic district, located just east of Center City Philadelphia and containing approximately 800 buildings and structures, was designated as a local historic district by the Philadelphia Historical Commission in 2003. Its boundaries are roughly Wood Street to the north, Chestnut Street to the south, Front Street and the Delaware Avenue piers to the east, and 4th and 6th Streets to the west (Map 13). Old City's significance lies in its evolution from an early river-oriented commercial and residential area to a 19th century locus of factories and warehouses.

Beginning in the second half of the 17th century, the Delaware River waterfront was the center for commercial and residential development. The 18th century saw Philadelphia's population grow, and the existing street grid system was broken down further into side streets and alleys where residents built rowhouses, turning Old City into a maze of passageways, courts and alleys lined with these two and three story rowhouses. Often these rowhouses contained commercial space on the first floor and living space above.



Map 13. Old City local historic district boundaries.

The 19th century saw continued development along Old City's waterfront and along streets heading west. The area of Old City north of Market Street became the center for warehousing and light manufacturing, while south of Market Street was the headquarters for financial and commercial establishments. New loft buildings in the Greek Revival and Italianate style, four or five stories in height with one large room per floor, were built along the main streets in Old City. Business flourished in Old City, but at the expense of its

residents. As the 19th century progressed and public transportation expanded, many Old City residents moved to more fashionable neighborhoods north and west of center city. The Old City area became a place to work but not necessarily to live. Business continued to expand in Old City, however, with even more industries coming into the area, including garment, boot and shoe makers, book binders, brewers, and glass manufacturers.



Image 7. Typical residential rowhouse architecture of the Old City local historic district. Shown here is Elfreh's Alley.

Old City in the 20th century was a time for large-scale infrastructure that resulted in a changed neighborhood. Early 20th century saw continued expansion of Old City's industrial works, in addition to existing buildings being adapted by these companies for new uses. It was at this time that the City constructed several Delaware River ports in an attempt to bring more shipping business to the waterfront, which was an overlooked and underutilized harbor despite its length and location. The new ports did not help to increase waterfront business. The Benjamin Franklin Bridge was completed in 1926 and succeeded in physically and visually cutting the district north of Race Street, resulting in the immediate demise of the ferry business. This was followed by the Great Depression, when development in Old City slowed immensely. In the mid-1900s, Interstate 95 was constructed and runs north-south along the eastern boundary of the historic district. This massive highway, finished in the 1970s, further separated the Old City neighborhood from the waterfront.⁵²

The architecture that remains in Old City is a mix of rowhouse construction and 19th century industrial loft buildings. Rowhouse construction is typically of Georgian, Federal or Greek Revival style. Industrial buildings range in style from Greek Revival, Italianate, Red and White, Victorian Eclectic, Renaissance Revival, Queen Anne and Tapestry Brick.⁵³ Many of these formerly industrial buildings have been converted to condominium or office use. Those rowhouses that do remain as single-family are typically found on small side streets, including Elfreths Alley and North Lawrence Street, although there is a cluster that remains on the 100 block of Vine Street.

⁵² Old City historic district nomination to the Philadelphia Register of Historic Places, 2003.

⁵³ Philadelphia Historical Commission, "The Old City Historic District: A Property Guide for Owners," 2003, p. 35-39.

Present-day Old City is a popular place for restaurants, nightlife, offices and condominiums. It is home to primarily middle to upper-middle class young, white, single, college educated residents. Most rent housing units in large apartment buildings.⁵⁴ As there are only 98 single-family housing units remaining in the Old City local historic district, out of a total of 3,225 properties including individual condo units⁵⁵ included within the district boundaries, it is clear that Old City has utilized its existing industrial building stock for rental and condominium housing options that appeal to a new generation of Old City residents.

Findings

The Old City local historic district was compared to a similar community to determine the difference in the number of single-family residential mortgage foreclosures for the studied time period. The Old City historic district was defined by its local historic district boundaries (Map 14).

The comparable community used for this analysis is better known as the Northern Liberties neighborhood of Philadelphia. The boundaries of the Northern Liberties comparable neighborhood are Girard Avenue to the north, Spring Garden Street to the south, Frankford Avenue and the Delaware River to the east, and North 6th Street to the west. Rachel Reilly, a Philadelphia realtor, confirms that Northern Liberties is a comparable neighborhood to Old City, noting that “a lot of people that lived in Old City are moving to Northern

⁵⁴ American Community Survey 2005 - 2009 (5-Year Estimates), Social Explorer; U.S. Census Bureau.

⁵⁵ 3,225 figure supplied by Philadelphia Historical Commission: Properties on and Proposed for the Philadelphia Register of Historic Places, updated 7/14/2010.

Liberties. It has a comparable nightlife, stock of galleries, and accessibility to the highways."⁵⁶

Table 5 displays the comparison of demographic and housing data for both areas.



Map 14. Aerial view of Old City local historic district (solid red) and Northern Liberties comparable neighborhood (dashed). Pictometry Bird's Eye ©2010 Pictometry International Corp and ©2010 NAVTEQ and ©2011 Microsoft Corporation.

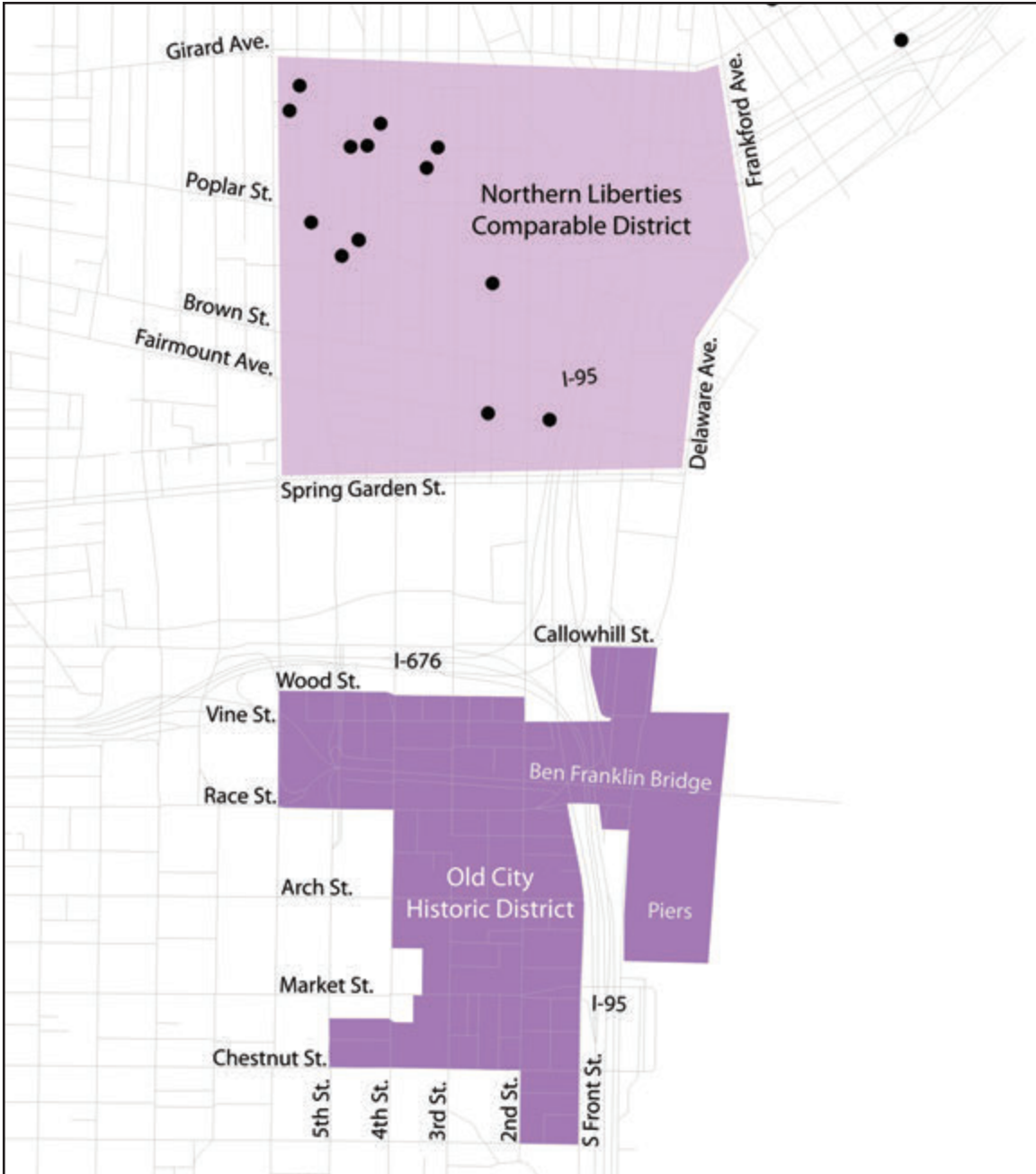
⁵⁶ Rachel Reilly, e-mail message to author, March 4, 2011.

	Old City historic district	Comparable neighborhood: Northern Liberties
No. of single-family housing units ⁵⁷	98	1214
Construction date of housing	mid-1800s – early 1900s	mid-1800s
Median household income, 2005-2009	\$91,532	\$74,664
Median home value, 2005-2009	\$366,650	\$332,900
% of residents who own their home, 2010	38%	57%
No. of foreclosures, Oct. 2009-Sept. 2010	0	13
No. of foreclosures per 1000 properties	0 per 1000	10.7 per 1000

Table 5. Demographic and housing data for the Old City historic district and Northern Liberties comparable neighborhood. 2000 decennial U.S. Census, Summary File 3 and 2005-2009 U.S. Census' American Community Survey.

There were zero single-family residential mortgage foreclosures in the Old City local historic district, compared to thirteen residential mortgage foreclosures in the Northern Liberties comparable neighborhood in the studied time period (Map 15). This is not to say that there were no foreclosures in Old City in 2009 and 2010, rather the majority of foreclosures that did occur were for condominium units, which are excluded from this study. The Northern Liberties comparable neighborhood, which has a much higher count of single-family housing units when compared to Old City, calculates to a 1.07% foreclosure rate (or 10.7 foreclosures per thousand single-family residential properties) from October 2009 to September 2010. The Old City historic district provides an example where historic district designation combined with a low count of single-family housing units may mean that owning a home in Old City brings with it a certain level of prestige, adding to the stability of the single-family housing market in the historic district.

⁵⁷ Number of single-family housing units was determined using Philadelphia's Office of Property Assessment online property search tool for each block within the district boundaries.



Map 15. Old City local historic district in dark purple, and Northern Liberties comparable neighborhood in light purple. Each black dot represents one residential mortgage foreclosure in the study period.

Chapter Nine: Girard Estate Local Historic District

Background and History

The Girard Estate local historic district, located in South Philadelphia, was designated as a historic district by the Philadelphia Historical Commission in 1999. The district includes 456 semi-detached houses, 25 rowhouses and one flat-house built between 1906 and 1916, including a school, park and library. Its boundaries are roughly West Passyunk Avenue and Porter Street to the north, Shunk Street to the south, 17th Street to the east and South 22nd Street to the west (Map 16). According to the historic district nomination, Girard Estate is significant “for its design as an urban response to suburbanization; evocation of the “Garden City”; its association with a single architectural firm, James H. Windrim, succeed by his son, John T. Windrim; and for its connection with Stephen Girard.”⁵⁸ The architecture and layout of Girard Estate stands in contrast to most of South Philadelphia’s two and three-story rowhouses. The semi-detached houses of varying architectural styles provide a suburban-like environment in a city setting.

⁵⁸ Girard Estate historic district nomination to the Philadelphia Register of Historic Places, May 1999.



Map 16. Girard Estate local historic district boundaries.

Girard Estate is named after Stephen Girard, the wealthiest man in the United States at the time of his death in 1831. The land which he owned in South Philadelphia was deeded to the City upon his passing and included several deed restrictions, one being that the City was not allowed to sell the property. This resulted in the City creating Girard Estate in 1906 as a rental property community which was overseen by the Board of Directors of City Trusts.

The architect of the Board of Directors of City Trusts, James H. Windrim, along with his son John, diverged from the common red brick rowhouse style that was standard at that time, and instead designed a community of semi-detached houses that varied in architectural style. These styles include Colonial Revival, Arts and Crafts, Bungalow, Prairie,



Image 8. Typical architecture of the Girard Estate local historic district.



Image 9. Typical architecture of the Girard Estate local historic district.

Jacobean Revival, Tudor Revival and Mission. Most houses include porches and side and rear yards, and the streets are tree-lined. All of these elements combine to give a suburban, park-like feel to a city development.

Essentially a self-contained village, Girard Estate also included a school, library and garages. The school, located on the southeast corner of 22nd and Ritner Streets, was built in 1913 in the Jacobean revival style. The library, located on the northeast corner of 20th and Shunk Streets, was also built in 1913 by the City. Several rows of one-story brick garages were built on the south end of the district in order to accommodate the automobile but not disrupt the picturesque streetscape.⁵⁹

The Girard Estate development was a huge success, and the houses quickly rented to lawyers, bankers, naval officers, and managers. An even larger development of 1,500 homes was planned, but for undocumented reasons, Girard Estate construction stopped at 481 houses. By the 1950s, however, tenants were upset due to rising rents and the Board of Directors of City Trusts could no longer manage Girard Estate. They received court permission to sell off the houses. Not surprisingly, the homes sold quickly and remain in private ownership today.⁶⁰ Girard Estate is now home to a large population of middle-class Italian Americans.

The architecture of Girard Estate has not been significantly altered since the construction of the buildings, providing a high level of integrity. Typical alterations that have

⁵⁹ Philadelphia Historical Commission, "Girard Estate Historic District: A Guide for Property Owners," 2000.

⁶⁰ Girard Estate walking tour, text by Paula Spilner. Available on the Preservation Alliance for Greater Philadelphia's website at <http://www.preservationalliance.com/tours/index.php>

occurred include front porch enclosures, new windows, siding on the dormers, and the addition of storm doors. The Garden City design of the streetscape still remains, although Girard Estate deviates from the standard Garden City plan in that its streets follow the Philadelphia street grid instead of incorporating curvilinear streets which are typical of the Garden City design.⁶¹

Findings

The Girard Estate local historic district was compared to two similar communities to determine the difference in the number of single-family residential mortgage foreclosures for the studied time period. The Girard Estate district was defined by its local historic district boundaries. It should be noted that Girard Estate is a very unique housing development in Philadelphia, and there is nothing else quite like it in the city. According to Philadelphia realtor Rachel Reilly, "Girard Estate is really one of a kind. In so many ways. To people that are from South Philadelphia, it is the *crème de la crème*."⁶² For this reason, two comparable neighborhoods were used in the analysis: one that is in close proximity to the historic district, and one that is not in South Philadelphia but is very similar in terms of the unique housing stock of Girard Estate.

Comparable neighborhood 1, just to the northeast of the Girard Estate local historic district, was roughly defined by West Passyunk Avenue to the north, West Ritner Street to the south, 18th Street to the east and South Woodstock Street to the west, and is the entirety of Census Block Group 0038001. This comparable neighborhood was chosen for its close

⁶¹ Girard Estate historic district Nomination to the Philadelphia Register of Historic Places, May 1999.

⁶² Rachel Reilly, e-mail message to author, March 4, 2011.

proximity to the Girard Estate historic district, age and type of housing stock and percentage of homeowners (Map 17).



Map 17. Aerial view of Girard Estate local historic district (solid) and comparable neighborhood 1 (dashed) to show proximity of historic district and comparable neighborhood. Comparable neighborhood 2 (East Mt. Airy) is not in close proximity to the above districts. *Pictometry Bird's Eye* ©2010 Pictometry International Corp and ©2010 NAVTEQ and ©2011 Microsoft Corporation.

Comparable neighborhood 2, in East Mount Airy, was roughly defined by East Mount Airy Avenue to the north, East Mount Pleasant Avenue and East Gorgas Lane to the south, Anderson and Boyer Streets to the east, and Germantown Avenue to the west, and is defined by Census Block Groups 0255003 and 0255004. This comparable neighborhood was chosen for its similarity to Girard Estate in housing type and age, and income level of residents, but is located in northwest Philadelphia and is therefore not in close proximity

to the historic district. Table 6 displays the demographic and housing data for the historic district and the comparable neighborhoods.

	Girard Estate local historic district⁶³	Comparable neighborhood 1: Northeast of Girard Estate⁶⁴	Comparable neighborhood 2: East Mount Airy⁶⁵
No. of housing units ⁶⁶	469	479	391
% of housing stock, single-family attached homes	92%	87%	46%
Construction date of housing	circa 1910	circa 1910	circa 1900
Median household income, 2005-2009	\$61,358	\$42,083	\$55,338
Median home value, 2005-2009	\$203,050	\$151,400	\$176,000
% of residents who own their home, 2010	89%	81%	52%
No. of foreclosures, Oct. 2009-Sept. 2010	5	6	4
No. of foreclosures per 1000 properties	10.7 per 1000	12.5 per 1000	10.2 per 1000

Table 6. Demographic and housing data for the Girard Estate historic district and comparable neighborhoods. 2000 decennial U.S. Census, Summary File 3 and 2005-2009 U.S. Census' American Community Survey

There were five residential mortgage foreclosures in the Girard Estate local historic district in the studied time period, compared to six residential mortgage foreclosures in comparable neighborhood 1 and four residential mortgage foreclosures in comparable neighborhood 2 in the studied time period (Map 18). In terms of percentages, this equals 1.07% for Girard Estate, 1.25% for comparable neighborhood 1 and 1.02% for comparable

⁶³ Census Block Groups: 0038002, 0038006

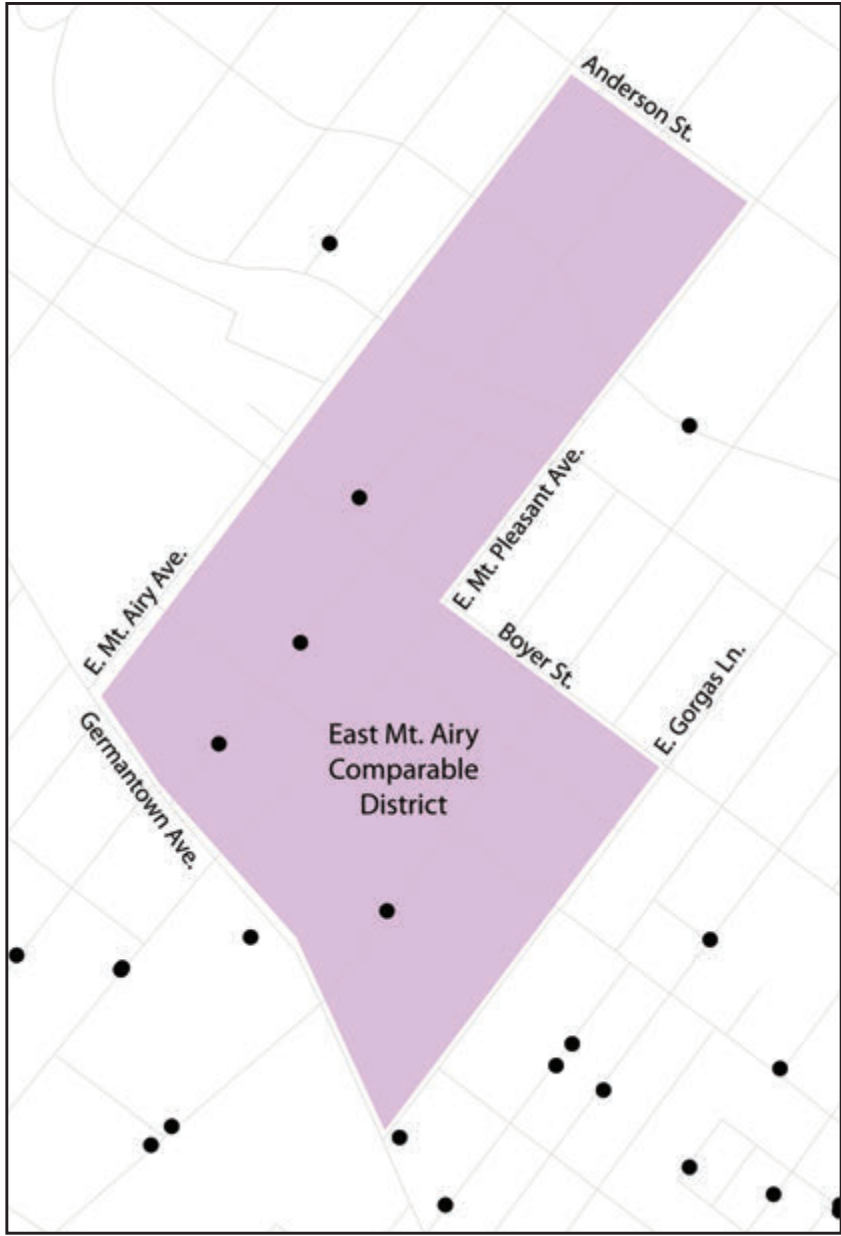
⁶⁴ Census Block Group: 0038001

⁶⁵ Census Block Groups: 0255003, 0255004

⁶⁶ Number of single-family housing units was determined using Philadelphia's Office of Property Assessment online property search tool for each block within the district boundaries.

neighborhood 2 (East Mt. Airy). In other words, this equals 10.7 foreclosures per thousand single-family residential properties in the Girard Estate local historic district, 12.5 foreclosures per thousand single-family residential properties in the comparable neighborhood 1, and 10.2 foreclosures per thousand single-family residential properties in the East Mt. Airy comparable neighborhood, which is statistically insignificant. Girard Estate provides an example of a local historic district in Philadelphia, then, where historic designation may have only modestly contributed to neighborhood stability when compared to similar communities.





Map 18. Girard Estate local historic district in dark purple (previous page), and the comparable neighborhoods in light purple (this page and previous page). Each black dot represents one residential mortgage foreclosure in the study period.

Chapter Ten: Analysis

This thesis was completed to assess the impact of local historic district designation on single-family residential mortgage foreclosures, using the city of Philadelphia as the study area. Foreclosure data was collected for a twelve month period spanning October 2009 through September 2010, which represents a significant year in the current mortgage foreclosure crisis (Map 19). Comparison of each local historic district to one or two comparable neighborhoods showed that local historic districts had significantly lower rates of foreclosure in three of the cases, with two cases showing equal or just slightly lower foreclosure rates in the historic districts, and one case showing a higher foreclosure rate in the local historic district. When the aggregate data is analyzed, however, the results are dramatic. This final analysis will detail those results.

Analyzed individually, the comparison of local historic districts to their comparable neighborhoods shows from where the final analysis figures derive, however, these individual results are subject to small sample error. In the cases of the Spring Garden and Girard Estate local historic district areas, the rates of foreclosure in the historic districts are



Map 19. All foreclosure data, represented by black dots, for the study period. Local historic districts used in this study are shown in dark purple, and all comparable neighborhoods used in this study are shown in light purple.

relatively equal to or just slightly less than those found in the comparable neighborhoods.

In the case of the Society Hill local historic district area, the rate of foreclosure in the historic district is approximately half of that found in the comparable neighborhoods. In the cases

of the Rittenhouse Fidler and Old City local historic district areas, foreclosure rates in the historic districts are dramatically less than those in the comparable neighborhoods. Finally, in the case of the Diamond Street local historic district area, a small population of houses that remain single-family in use result in a significantly higher percentage of foreclosures in the local historic district; however, the entire area including comparable neighborhoods suffer from this high foreclosure occurrence. Small sample error factors into these individual results due to the small number of actual foreclosures per district or comparable neighborhood. When the actual number of foreclosures is very small, the calculated foreclosure rate is such a small percentage that it makes comparison on the individual district level difficult. Small sample error is also present in the case of the Diamond Street historic district, where the actual number of single-family housing units is relatively small so that each individual foreclosure or housing unit contributes significantly to the calculated foreclosure rate.

This final analysis brings together all of the data from the previous six chapters to show that the foreclosures per thousand single-family residential properties in Philadelphia local historic districts are half of the number of foreclosures per thousand single-family residential properties in similar non-designated neighborhoods. An aggregate rate of all local historic districts in this thesis equals 4.2 foreclosures per thousand properties, while the similar non-designated neighborhoods had a foreclosure rate of 8.1 foreclosures per thousand properties. Therefore, this thesis found a 93% greater propensity for single-family residential foreclosure in comparable neighborhoods than in historic districts. Table 7 displays the aggregate data from the previous six chapters and Image 10 graphically depicts the results.

	Local Historic Districts	Non-designated Comparable Neighborhoods
Number of single-family residential housing units, total	3082	6818
Number of single-family residential mortgage foreclosures, total	13	55
Number of foreclosures per 1000 properties	4.2	8.1

Table 7. Aggregate data results of all local historic districts and comparable neighborhoods used in this study.

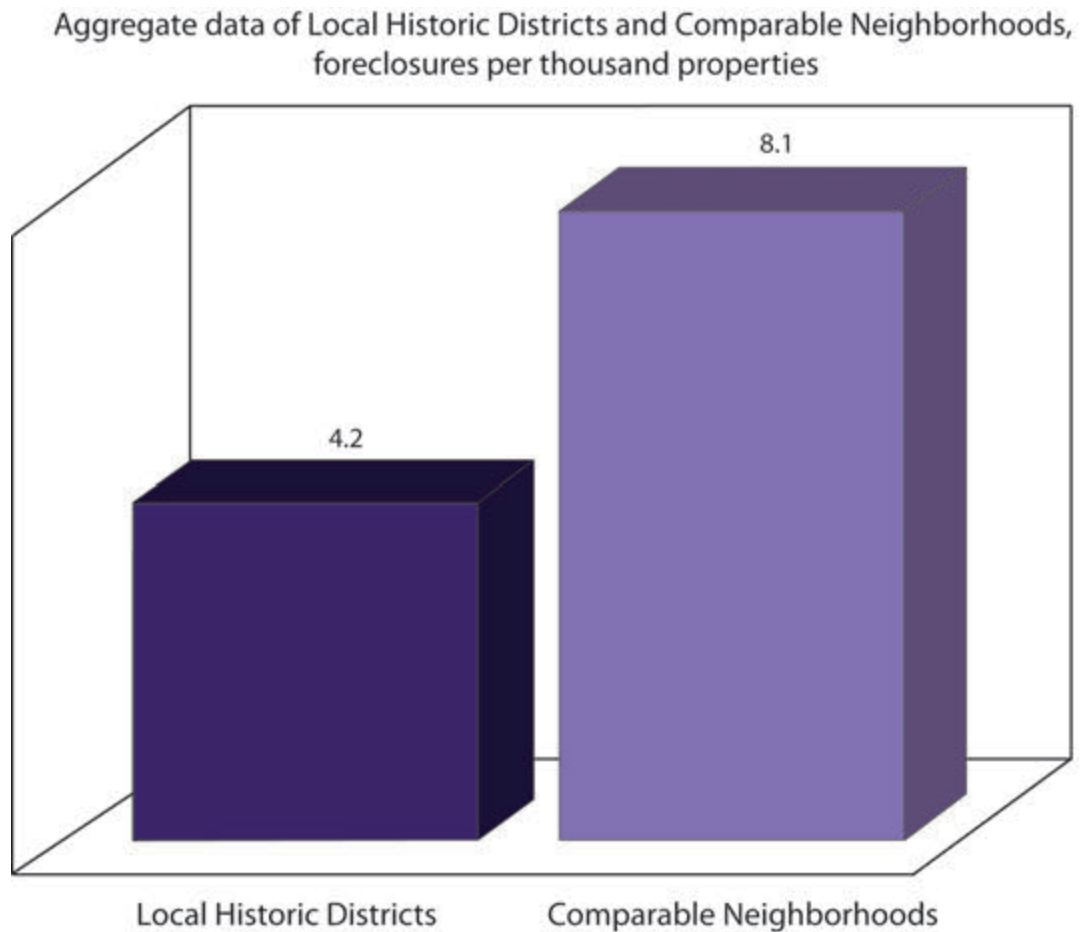


Image 10. Comparison of aggregate data for local historic districts versus comparable neighborhoods, showing the number of foreclosures per thousand single-family residential housing units.

This analysis is not meant to suggest that local historic district designation is singularly responsible for fewer foreclosures. Numerous factors play a role in the stability of a housing market, and assurance that your neighbors cannot inappropriately alter the exterior of their properties is just one of these factors. However, by utilizing comparable neighborhood studies, one is able to see where historic district designation may play a role in neighborhood stability.

It should also be noted that this thesis focused solely on Philadelphia, a city that has weathered the housing crisis well when compared to other major national cities. This resulted in a relatively low number of foreclosures in the studied neighborhoods, a number which was reduced even further by excluding condominium and commercial foreclosures. The methodology used in this thesis could be utilized to study a city that has been significantly affected by the collapse of the housing market, with or without the inclusion of condominium and commercial properties. Using such a city would likely correct the small sample error potential encountered in this study.

This thesis finds that residential foreclosures in Philadelphia per thousand were half in local historic districts what they were in non-designated comparable neighborhoods. The results of this thesis are not necessarily meant to stand alone, however, but rather to add to the existing body of research supporting the benefits of local historic district designation. The findings of this thesis demonstrate how those neighborhoods in Philadelphia that were designated as historic in years past have withstood the foreclosure crisis better than similar neighborhoods that have not been historically designated. With the mortgage foreclosure crisis as timely as it is, it is hoped that these results will add further stability to the case for local historic district designation and the benefits it can bring to owners of historic properties.

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