

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 200446)

RESOLUTION

Authorizing the Committee on Commerce and Economic Development to hold a hearing that examine recent research released by Pew Charitable Trusts (“Pew”) and Center City District (“CCD”) on the state of our local business economy, the role our Black-owned and minority-owned businesses play in the City’s economy, and the impact of Covid-19 on these businesses.

WHEREAS, The Covid-19 pandemic continues to strain Philadelphia’s economy, and City government must prepare to recover from this crisis by establishing and promoting policies that reflect the current and future needs of our locally-owned and minority-owned businesses; and

WHEREAS, Research recently released by Pew and CCD analyzes the experience of Philadelphia’s small, midsized, and minority-owned businesses since the Great Recession and further examines the economic landscape and growth rate of area businesses as compared with other cities; and

WHEREAS, According to Pew’s new research, small and midsize businesses (fewer than 500 employees) in Philadelphia operated approximately 23,000 establishments in 2017; employed four in 10 workers; and paid 50% of all business taxes. The report further observes that small and midsize businesses are more impacted by local business regulations and conditions, therefore indicating a greater need for review by local policymakers; and

WHEREAS, Over the preceding two decades the number of small and midsize establishments increased in many of the neighborhood commercial corridors, more than in Center City. Major hubs were Spring Garden/Northern Liberties, University City, the Navy Yard, and the Northeast. The same areas saw the biggest percentage drops in vacant storefront and commercial properties from 2014 to 2018. Research suggests the City will benefit from investment in policy directed towards neighborhood corridors in addition to the central business district; and

WHEREAS, Despite positive findings of growth after the recession, Pew found that Philadelphia is lagging behind 12 peer cities in small business development and sustainability. In 2017, just 5.6% of Philadelphians ages 16 and older were self-employed at a business they owned, below the median 6.8% in other cities. Philadelphia had fewer small and midsize establishments per

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capita and most businesses focus exclusively on local markets. According to Pew's report, much of the lack in growth can be attributed to Philadelphia's poverty which limits the ability of individuals to access entrepreneurial resources and capital; and

WHEREAS, Center City District recently released a report examining the small business community with a focus on Black-owned and minority-owned businesses. CCD found Philadelphia's 1.8 Black-owned businesses per 1,000 Black residents is 65% below Washington, 62% below Atlanta, 48% below New York, 30% below Boston, and 41% below the national average. Philadelphia also falls behind these cities in business ownership by other minority groups. CCD attributes this lack of growth in part to a lack of business density in Philadelphia. It posits that with more density of businesses in city limits, more opportunities for small or midsized minority-owned businesses to start and grow will exist; and

WHEREAS, CCD found that the decentralization of Philadelphia's regional economy is more than that of peer cities which typically have major businesses located within city limits as opposed to the suburbs. Philadelphia's 12.1 firms per 1,000 residents is 30% below the regional level meaning less local employment opportunities for current residents; and

WHEREAS, CCD further suggests that a more centralized economy would lead to an increase in the ability of small, Black-owned, and minority-owned businesses to grow and create jobs in the City for local residents. CCD further proposes that tax policy adjustments may be one avenue to attract more businesses to headquarter inside City limits and City government might also examine its capital incentive structure for small, Black-owned, and minority-owned businesses and its ability to create access to private market capital; now, therefore, be it

RESOLVED, That the Committee on Commerce and Economic Development is authorized to hold a hearing analyzing research released by Pew Charitable Trusts ("Pew") and Center City District ("CCD") on the state of our local business economy, the role our Black-owned and minority-owned businesses play in the City's economy, and the impact of Covid-19 on these businesses.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the tenth day of September, 2020.

Darrell L. Clarke
PRESIDENT OF THE COUNCIL

Michael A. Decker
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Domb

Sponsored by: Councilmembers Domb, Squilla, Gilmore Richardson, Jones, Green, Henon, Brooks, Johnson, Thomas and Parker