Appendix 6

REAL ESTATE STRATEGIES, Inc. COMMERCIAL CORRIDOR REPORT Page #

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INTRODUCTION AND BACKGROUND

Real Estate Strategies, Inc. (RES) has been a subcontractor to Triad Associates, providing assistance in the preparation of a Neighborhood Strategic Plan including a commercial component, for the Heart of Kensington Revitalization Project, which was commissioned by Impact Services Corporation and funded by a grant from the Wachovia Regional Foundation and the Philadelphia Chamber of Commerce.

The commercial district extends from Lehigh Avenue to Venango Street along Kensington Avenue and from Martha Street to F Street along Allegheny Avenue. At one time, stores near the intersection housed many national and major local retailers including F.W. Woolworth's, Bell Atlantic, Fayva Shoes, McCory's, Levin's, and American Pants. While these stores have left, Wachovia Bank, Beneficial Bank, Bank of America, Walgreen Drug Store and several discount clothing stores remain as the principal national retailers and service providers in the area. Most of the other establishments are small service businesses, professional establishments, restaurants and eateries, sundry stores, produce stands, tattoo parlors, discount barbershops, and beauty salons. The area also has several used furniture and appliance stores and used car dealerships.

The Pattern of Neighborhood Change

Historically, the economy of the Kensington neighborhood was dominated by heavy manufacturing businesses that provided significant levels of employment for people living in the neighborhood and surrounding areas. During the early 1900's, major growth was fueled by the advent of public transportation and the immigration of families and individuals to fill jobs that were being created by these manufacturing industries. Housing and retail services, as well as the manufacturing facilities, all were located within the neighborhood, creating an environment where families worked, lived, shopped, and socialized.

During the early part of the 20^{th} Century, the intersection of Kensington and Allegheny Avenues was the heart of a major retail and commercial center with businesses that served the needs of neighborhood residents. The growth of the commercial corridor was further spurred by the construction of the elevated train stop in 1922, which helped to make the area a thriving commercial and social center. Throughout this period, Kensington was known as the "Workshop of the World".

The period following World War II marked the beginning of a decline for the neighborhood and also for the Kensington and Allegheny business district. Northeastern cities -- including Philadelphia -- were no longer considered by business leaders to be competitive locations for heavy manufacturing industries. Kensington and other Philadelphia neighborhoods experienced declines in employment, which also affected economic conditions in the community overall. At the same time, families were moving to new suburban communities that were being developed around Philadelphia and beyond. Commencing in the 1950's, there was an out-migration and resulting declines in population and the number of households. This out-migration, combined with the loss of closing or relocation of many of the large manufacturing industries, depressed the economic base of the neighborhood. Kensington and other formerly thriving Philadelphia neighborhoods were left with vacant homes, business establishments, and industrial facilities. The effect was to erode the City's tax base, providing less money for community and economic development initiatives at a time when they were sorely needed. New households subsequently moved into the neighborhood, but they were less affluent and included minority and immigrant households, creating racial tension with long-time residents who had remained in the community.

More recently, there has been a shift in retailing in the U.S. that has again adversely affected the Kensington and Allegheny commercial corridor. Retail establishments have evolved from smaller street-front businesses first to shopping centers with front loaded parking lots, and subsequently to "big box" stores. This evolution has placed added pressure on owners of retail stores along commercial streets, including Kensington and Allegheny Avenues. Weaker market conditions and retail sales, in turn, have resulted in deferred maintenance, absentee landlords, declining tax base and additional decreases in City services. Lacking significant improvements, many of the buildings along the K&A corridor have become physically and functionally obsolete, and many are vacant. The decline in purchasing power in the community, the increase in mobility as a result of transit systems and automobiles, and the competition from other retail centers all have contributed to the decline that is now evident in the corridor.

At issue is the future of the K&A corridor, and whether it can be positioned or repositioned in ways that will allow it to regain some of its former viability as a center of business and shopping activity. Redevelopment and revitalization activity during the past decade and longer have indicated renewed interest in street-oriented retail, and transit-related development initiatives have produced thriving commercial districts in formerly deteriorated strips. Redevelopments of Main Streets have occurred in small cities and neighborhoods of larger cities. There is renewed interest in cities and city living. At issue is capitalizing on these development trends, identifying positive economic and demographic factors, and formulating a strategy to generate redevelopment and revitalization activity in the area around the Kensington and Allegheny intersection.

The Study Process

RES was tapped to conduct an analysis of the market for commercial and retail uses in the K&A corridor. The study process included obtaining impressions of the area from local businesses and residents, representatives of institutions, representatives of the real estate and development community, and local government and planning officials. RES conducted an analysis of existing infrastructure in the area, focusing on such issues as transportation, parking, and municipal services. We evaluated retail and business activity in the area, including the mix of stores and types of businesses that are present in the K&A corridor and the office and general commercial activity in the area.

RES performed the following tasks:

- Photographed and documented whole blocks and individual buildings to illustrate the current range of building conditions, signage, parking and street maintenance along the K&A corridor.
- Examined the existing mix of businesses to assess the types of goods sold and the range of services provided.
- Conducted a focus group with representatives of Impact Services Corporation, area institutions, retailers, City of Philadelphia officials and real estate professionals and follow-up interviews with individuals who were not able to attend the session.
- Delineated a primary and secondary trade area within which commercial and retail establishments in the K&A commercial corridor will operate will draw customers.
- Compiled and analyzed data on demographic and economic conditions including trends in population, households, purchasing power and employment as well as income characteristics, household formation, business activity and other characteristics that have bearing on the demand for consumer expenditures.
- Inspected competitive commercial districts in the trade areas.
- Obtained additional information through interviews with Realtors, selected real estate investors and developers, and local officials who are knowledgeable about commercial development patterns and trends in the City of Philadelphia.
- Analyzed the information to reach conclusions about the types of additional retail businesses to be targeted as part of an attraction strategy and addressed action steps and strategic recommendations to attract incremental investment in the K&A corridor.

Engagement Limitations

Real Estate Strategies, Inc. has not ascertained the legal and regulatory requirements applicable to the proposed project, including state and local government regulations, permits and licenses. No effort was made to determine the possible effects on the proposed project of present or future federal, state, or local legislation or of any environmental or ecological matters.

The information contained herein is based on estimates, assumptions and other information developed from research of the market, our knowledge of the real estate industry and other factors, including certain information provided by representatives of Triad

Associates and Impact Services Corporation. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results will vary from those described, and the variations may be material.

Further, Real Estate Strategies, Inc. has not evaluated management's effectiveness, nor are we responsible for future marketing efforts and other management actions upon which actual results will depend. The information contained herein is intended solely for use in formulating options for the revitalization of the Kensington and Allegheny commercial corridor.

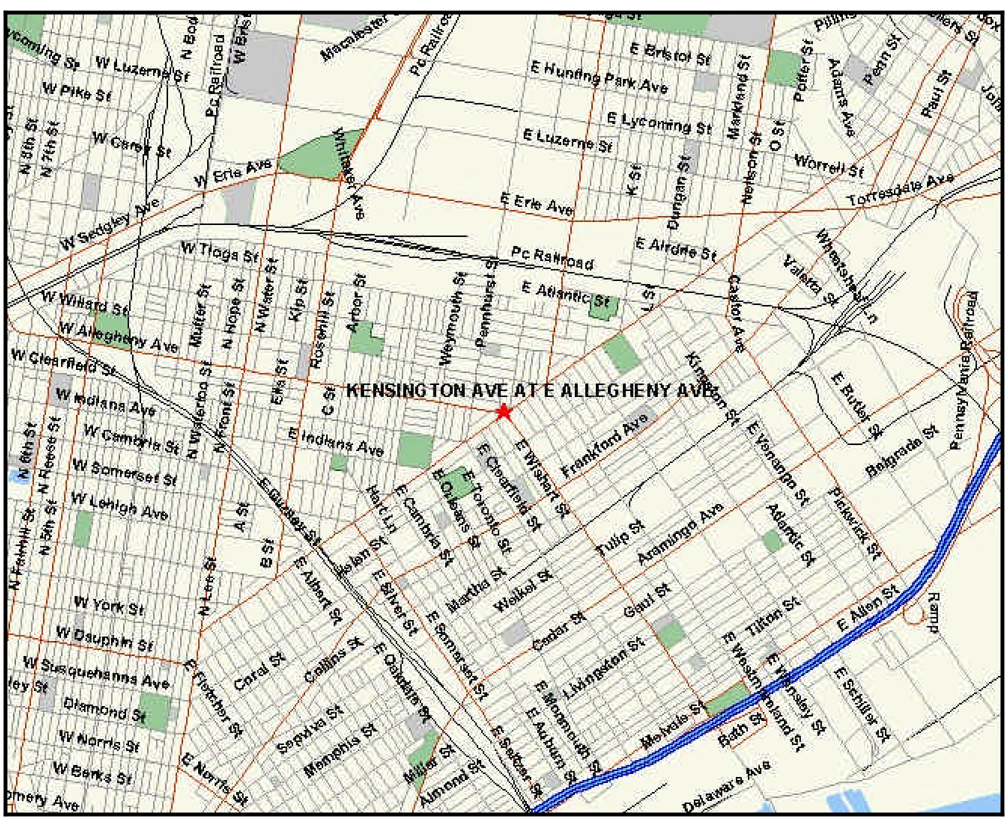
The materials that we have prepared are based on economic conditions and supply and demand factors as September 2005, which was the last date of our market research. We have no responsibility to update our report for economic, market or physical factors occurring after this date.

PHYSICAL CHARACTERISTICS OF THE K&A COMMERCIAL CORRIDOR

RES conducted a number of visual inspections of the K&A commercial corridor, including the blocks along Kensington Avenue from Lehigh Avenue to Venango Street and along Allegheny Avenue from Martha Street to F Street. Map 1 shows the location of the K&A commercial corridor in the greater Kensington-Richmond area. The area has other businesses that are located in the immediate neighborhood, but beyond the delineated K&A commercial corridor. However, the focus of this analysis is the K&A corridor. Filed visits during the time frame from May through September 2005 indicated that K&A is a declining commercial corridor that still has moderate pedestrian and vehicular traffic. Closer to the intersection of Kensington and Allegheny Avenues, the traffic becomes heavier, especially pedestrian traffic as people walk two and from the Market-Frankford elevated line (the "El").

MAP 1

Location of the K&A Commercial Corridor
In the Kensington-Richmond Area of the City of Philadelphia

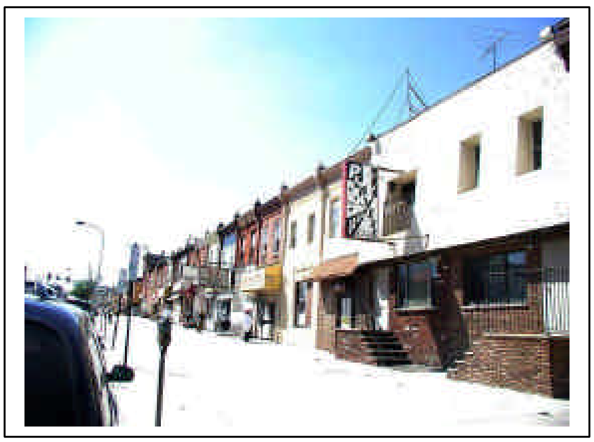


The area is characterized by concentrations of vacant and underutilized buildings, many of which are suffering from years of neglect and deferred maintenance. In addition, the El runs over Kensington Avenue creating an atmosphere that is dark and somewhat dreary, even in the brightest sunlight. The images below provide an indication of some of the building infrastructure in the area.

Occupied retail properties along Kensington Avenue

Vacant retail properties along Kensington Avenue

Occupied retail properties along Allegheny Avenue



Marginal and vacant retail properties along Allegheny Avenue

Land Use

Most of the buildings along Kensington Avenue are older two– and three-story structures that were originally built as row houses and converted to first floor retail as the area became more commercial. A mid-rise office building is located at the intersection of Kensington and Allegheny Avenues, however. The Allegheny Avenue portion of the corridor is almost exclusively two-story row houses, again with many now having first floor retail space. The few exceptions are several single story buildings that have been constructed more recently. There are two mid-rise office buildings in the corridor that front on Allegheny Avenue; one of these houses Impact Services' operations. Several single-family residential row houses that are both occupied and vacant still remain within the K&A corridor on both avenues.

Many of the older buildings have interesting visual details remaining on the upper floors. There are bay windows, brick facades and elaborate cornices. At one time, the upper floors undoubtedly were residential apartments and in some cases, offices of businesses that served the community. Today, only a few mixed-use buildings remain. Structures with historic character including several of the churches, the Beneficial Bank Building, and the Wachovia Bank Building merit special attention. Preserving these buildings enhances the character and visual appeal of the area.

Ground floor space of occupied buildings is primarily commercial including retail and service-oriented businesses such as accountants and notary publics. The storefronts are narrow, a characteristic that is typical in many older urban neighborhood business districts, and many have been combined to create larger retail space. One retailer reported that the owner of his store needed to combine four storefronts to create a single space that would be large enough to house his operations. Building depths vary depending on the nature of the buildings on the streets behind the main commercial avenues. Moreover, Kensington Avenue bisects the neighborhood's grid pattern streets on a diagonal, and many of the blocks have lots at the intersections that are triangular in shape. The small size and shape of these existing properties limits their redevelopment potential for larger commercial uses.

Retail and Commercial Uses

In analyzing the retail and commercial uses that are present in the area, RES delineated a primary trade area that included the area within a one-half mile radius of the intersection of Kensington Avenue and East Clearfield Street. Estimates obtained from Claritas, Inc., a provider of on-line economic and demographic data, indicate that this area has a total of 247 business establishments, including retailers, service establishments, and institutions providing employment. Table 1 lists the different types of establishments that are located in the primary trade area, along with the number of business establishments in each category, the number of employees, and the estimated annual sales during 2004.

TABLE 1
K&A Retailers by Type, Number of Employees and Sales
Half-Mile Radius Trade Area

	Number of Establishments	Number of Employees	Estimated Annual Sales
Apparel and Accessories Stores	10	4	$4,000,000
Jewelry Stores	4	9	$1,000,000
Auto Dealers and Recreational Shops	12	62	$12,000,000
Auto Repair, Service and Parking	24	51	$4,000,000
Building Material and Garden Supplies	1	3	$1,000,000
Communication	1	2	NAV
Drug Stores and Proprietary	5	64	$8,000,000
Elementary and Secondary Education	12	667	$67,000,000
Libraries	1	5	$2,000,000
Video Tape Rentals	1	10	$1,000,000
Amusement and Recreational Services	7	33	$2,000,000
Financial Services	9	50	$12,000,000
Food Stores	28	162	$28,000,000
Furniture and Fixtures	3	304	$23,000,000
Home Furnishings, Appliances and Equipment	16	156	$26,000,000
General Merchandise Stores	8	23	$2,000,000
Hospitals	3	37	$3,000,000
Health Related Establishments	24	144	$14,000,000
Real Estate Agencies	9	40	$6,000,000
Sporting Goods and Bicycle Shops	5	20	$1,000,000
Hobby, Toy and Game Shops	1	1	NAV
Camera and Photography Stores	1	2	NAV
Sewing and Needlework Stores	1	1	NAV
Eating Establishments	49	445	$23,000,000
Drinking Establishments	12	45	$2,000,000
Total	247	2,340	$242,000,000

SOURCES: US Bureau of the Census; Claritas, Inc.; Real Estate Strategies, Inc.

The largest employers in the primary trade area are the elementary and secondary schools. Eating establishments are another large source of employment. The area has a high concentration of food stores, but most of these are small corner stores and many are poorly maintained. There are numerous medical service providers' offices associated with the two hospitals in the area, Northeastern and Episcopal. In addition, the area has an abundance of auto repair shops and home furnishings, appliances and equipment stores. Although ten apparel stores are located in the area, none had merchandise specifically targeted to infants and children.

During the visual inspections of the K&A commercial corridor, the market analysts conducted a block by block analysis of the commercial and retail uses that were located along Kensington Avenue and Allegheny Avenues. The inspections indicated that the area is well served by businesses that provide both consumer goods and services. Included in the corridor's mix are apparel stores with an emphasis on sportswear; food stores including groceries, produce, meat and fish markets; restaurants; furniture and appliance stores; and hair and nail salons. Service establishments include banks and financial services, legal services, accountants and tax return services, laundromats, and auto repair.

During May and June 2005, rental rates for first floor commercial space in the K&A corridor are between $8 and $12 per square foot, which is considered to be a depressed level. However, well-designed, modern commercial buildings in good locations along the K&A commercial corridor and with dedicated parking have commanded rents as high as $20 to $30 per square foot. A recently redeveloped commercial building along Kensington Avenue is commanding rents of $12.50 to $13.00 per square foot, triple net for the upper floors, and asking rents are $15.00 to $18.00 per square foot, triple net for the ground floor retail space.

There were high amounts of vacancy found throughout the K&A corridor. While Allegheny Avenue has fewer vacancies and is more stable than Kensington Avenue, many of the properties along Allegheny are residential. The composition of the blocks along Allegheny Avenue changes based on the proximity to Kensington Avenue. The blocks closer to Kensington Avenue are more concentrated with commercial first floor space. The vacancy rate along Allegheny Avenue is estimated to be less than ten percent, while the vacancy rate overall along Kensington Avenue is much higher. It ranges from approximately 30 percent along more stable blocks closer to the Allegheny Avenue intersection to as high as 50 percent for some portions of the business district that are closer to Lehigh Avenue and Venango Street. Second and third floor space along Kensington Avenue has a vacancy rate estimated to be about 70 percent. A description of various portions of the corridor follows.

Kensington Avenue - Lehigh Avenue to F Street

This section of the commercial corridor has high concentrations of vacant properties and poorly maintained retail stores. Many of the vacant buildings are boarded, and vacant lots are littered with trash and debris. The overall vacancy rate for first floor commercial space is estimated to be about 50 percent. The eastern side of Kensington Avenue has retained more residential structures than the western side of the Avenue. There are several used appliance and used furniture stores on both sides of the Avenue that put merchandise on the sidewalk. The practice makes this part of the K&A corridor seem even more deteriorated.

Other uses include a small, storefront grocery store, hair and nail salon, a well maintained florist, sporting goods store, laundromat, two used-car dealerships, a nightclub, check cashing business, several Chinese restaurants, an adult book store and a produce market. The Somerset Station stop of the El is located in this section of Kensington Avenue.

Kensington Avenue – F Street to Allegheny Avenue

Along this stretch of Kensington Avenue, the corridor has somewhat fewer vacancies, and the mix of stores is more appealing. The eastern side includes retailers such as Humphries Groceries, a beauty shop, a store selling wireless telephones, and a store selling body oils. There are also several jewelry stores located on the eastern side of Kensington Avenue as well as a pizza parlor, and an electronics store. Other establishments include Kelli's Bar, which encompasses four store-fronts, and King's Discount Store. Establishments along the western side of Kensington Avenue include Rent-A-Center, Value Plus, Sneaker Villa, Dollar Heaven, and Rainbow Shop. A private developer has purchased and is renovating the office building located two stores south of the intersection of Kensington and Allegheny Avenues. There are executed leases with several office tenants. Other tenants along the western side of Kensington Avenue include a restaurant, sporting goods store, shoe store, communications store, clothing store and an electronics store.

The vacancy rate on the western side of Kensington Avenue in this part of the corridor is around 40 percent, although the vacancy rate on the eastern side is slightly higher. The vacant storefronts along this part of Kensington Avenue provide opportunity for new business attraction and locations for expansions of existing businesses. Despite the vacancies, the blocks between F Street and Allegheny Avenue have the most appealing mix of retail establishments. These blocks along Kensington Avenue should be the location of initial commercial corridor revitalization initiatives.

Sneaker Villa

Rent-A-Center

Kensington Avenue – Allegheny Avenue to Westmoreland Street

Along this portion of Kensington Avenue, the eastern side has more desirable retail including Walgreen Drugs at the intersection of Kensington and Allegheny Avenues. Two small grocery stores, a dry cleaner, thrift store, jewelry store and an insurance agency are the other prominent uses. The western side of the Avenue is anchored by Wachovia Bank and Miller's Medical; the latter is a medical supply retailer encompassing five storefronts. Beyond Miller's, however, there are five vacant buildings and two vacant lots. This block has a high concentration of service-oriented establishments including an optometrist's office, legal services offices, Mitchel's Service Center, and a beauty shop. There is also a tattoo parlor and two used furniture stores along this stretch of the Avenue, and these uses make the area appear less desirable than the eastern side or the blocks south of Allegheny Avenue. For this portion of Kensington Avenue, the vacancy rate is about 40 percent on the eastern side and about 30 percent on the western side.

Miller Medical Supplies

Thrift Store and Walgreen's Drug Store

Kensington Avenue – Westmoreland Street to Venango Street

This section of Kensington Avenue has higher concentrations of vacant properties and more service-oriented uses and residential units. The El's Tioga Station is located at the intersection of Kensington Avenue and Tioga Street in this section of the K&A corridor. Harrowgate Park is located on the eastern side of the Avenue as is the L&J Banquet Hall and a Seven Eleven convenience store. The vacancy rate on the eastern side of the Avenue is approximately 40 percent with an additional 25 percent of the occupied units being residential structures. The mix of establishments includes more used furniture stores, grocery stores, a beauty school, Chinese restaurants and auto repair shops.

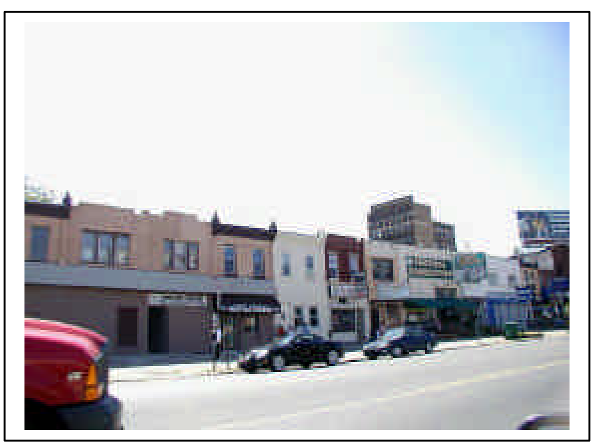
The western side of this stretch of the Avenue has vacancy rate that is about 50 percent, with about 25 percent of occupied structures being residential properties. Seidman's Hardware Store, which has managed to survive competition from the Home Depot located about one mile away, is located on the western side of the Avenue. One of the more visible uses in this section of Kensington Avenue is Diamond Furniture, which is located in a former warehouse building and on an adjacent lot. At most times of the day, this brightly painted furniture store has activity along the sidewalks and streets in this area. The store is a draw for the area.

Allegheny Avenue – Martha Street to Jasper Street

The uses along the northern side of Allegheny Avenue along this stretch are predominantly residential. There are a few storefront retail and service-oriented businesses along with a Rite Aid Drug Store and a church. The southern side of Allegheny Avenue has fewer residential properties. There is a Sunoco Gas Station, funeral home, two laundromats, the Salvation Army, and the offices of Impact Services. Only three residential properties along this stretch of Allegheny Avenue appeared to be vacant.

Allegheny Avenue – Jasper Street to Kensington Avenue

As Allegheny Avenue approaches Kensington Avenue, the mix of establishments becomes more commercial. Along the northern side of the Avenue, Bank of America and Walgreen Drug Store are the primary retail establishments that remain. Blockbuster Video and Pearle Vision Center have recently vacated buildings that they occupied. H&R Block is reported to be relocating from Kensington Avenue to the space vacated by Blockbuster. Allegheny Child Care Academy occupies the first floor of a small office building. The southern side of Allegheny Avenue has more local businesses including a nail salon, pizza parlor, delicatessen and produce store as well as a pawn shop. There are three vacant storefronts along this stretch.



Small Retailers on the South Side

Former Location of Blockbuster Video

Allegheny Avenue – Kensington Avenue to G Street

Along this stretch of Allegheny Avenue, the uses on the northern side are primarily commercial with many small local retailers. There is a check cashing store, smoke shop, bar and go-go club, pharmacy, Chinese restaurant, and hair and nail salon. There also is an injury rehabilitation center. This portion of Allegheny Avenue also has the most vacancies, six properties. The southern side of the street is more residential with Beneficial Savings Bank and a hair salon as the only commercial uses.

Beneficial Savings Bank

Small Retail Stores on the Northern Side

Allegheny Avenue –G Street to F Street

From G Street west to F Street, uses of properties become more residential, and there are few retail and commercial establishments. The southern side of Allegheny Avenue has a grocery store, laundromat, and dollar store mixed among residential structures. Lamberintos de Pasion, a well maintained family-style sit-down restaurant, is located at the intersection of G Street and Allegheny Avenue on the northern side of the street. Other uses include a Chinese restaurant, church, nail salon and auto tag center along with 12 residential structures, of which one was vacant.

Transportation

The City of Philadelphia and the area surrounding the K&A corridor are served by an excellent road system. The Girard Avenue and Aramingo Avenue exits of Interstate 95 provide access to points north and south of the area. Travelers using these interchanges must cross Aramingo Avenue before reaching the K&A corridor; consequently, the large concentrations of retail stores along Aramingo Avenue are more convenient to I-95 than the K&A corridor. Kensington, Allegheny, Frankford, Girard, Erie, and Lehigh Avenues are major secondary streets that provide access to the K&A corridor.

During interviews and community meetings, participants reported that parking is a problem in the K&A corridor. Although the market analysts did not find on-street parking to be difficult to secure, our visits were on weekdays. Weekends may pose greater challenges. Similarly, patrons of establishments that are located in the K&A corridor may identify parking as an issue because a space may not be readily available immediately in front of the establishment being visited. The exceptions are the few retailers, including Walgreen’s, that have dedicated parking lots. The municipal parking lot consistently was underutilized, reportedly a result of security issues and damage to vehicles parked in the lot. Based on the reports about problems that may be real or perceived, creating safe and convenient parking for commercial corridor patrons and merchants is an important consideration.

The K&A corridor is very well served by public transportation. The El provides commuter rail service along a line that runs above Kensington Avenue. There are three stations in the K&A corridor, which are Somerset, Allegheny, and Tioga. In addition, there is bus service along Kensington and Allegheny Avenues and other streets in the area. Public transportation can be used to reach Amtrak’s 30th Street Station, which provides rail service throughout the United States, and the Philadelphia International Airport.

The area’s good access to public transportation makes it possible for households without vehicles to live in the area and to access places of employment and services and also to reach the K&A corridor either by public transportation or on foot. The K&A corridor’s access to public transportation is a competitive advantage in comparison with retail centers along Aramingo Avenue for patrons without vehicles. Virtually all retail establishments along Aramingo Avenue are vehicular in orientation, and customers using public transportation must walk from the street through vast parking lots to reach the stores. Similarly, getting from one store to another can often require long walks through parking lots and areas that are not pedestrian-friendly.

TRADE AREA DEMOGRAPHICS

Trade Area Definition

The trade area for a commercial corridor is the geographic area from which the corridor draws its customers. Trade areas will differ based on such factors as population density, consumer spending patterns and behavior, and the mix of businesses and presence of major retailers. Physical considerations can have a major bearing on the delineation of a trade area including the presence of natural and manmade barriers, access, and visibility. Competition in the area and the location of concentrations of competitive retailing also will influence the delineation of a trade area.

Commercial corridors such as K&A that are in densely populated inner city locations typically will draw the majority of their business from the population living in nearby residential neighborhoods and able to walk to retail and commercial establishments that are located in the corridor. Since walking distance generally is one-half mile or less, the market analysts designated a Primary Trade Area as the area within a one-half mile radius. With the availability of public transportation serving the area, the delineated Secondary Trade Area is the area within a one-mile radius of the intersection of Kensington Avenue and East Clearfield Street. The radius was shifted from Allegheny Avenue to East Clearfield Street because there are barriers influencing the primary trade area below Lehigh Avenue and above Venango Street.

Map 2 shows the location of the half-mile Primary Trade Area and one-mile Secondary Trade Area.

MAP 2

Primary and Secondary Trade Areas for the K&A Corridor

Data on the demographic characteristics of the Primary and Secondary Trade Areas were compiled and analyzed. The data, which were supplied by Claritas, Inc., included information from the 2000 U.S. Census, together with 2005 estimates and 2010 projections that are developed by the company using proprietary methods. Relevant characteristics are highlighted in the following paragraphs.

Population and Household Characteristics

Table 2 presents statistics on the population and households in the Primary and Secondary Trade Areas.

TABLE 2
K&A Population and Household Characteristics
Half-Mile Radius and One-Mile Radius

	Half-Mile Radius	One-Mile Radius
Population		
1990 Census	22,774	68,132
2000 Census	23,620	67,292
2005 Estimate	22,758	65,436
2010 Projection	21,891	63,383
Percent Change 1990-2000	3.7%	-1.2%
Percent Change 2000-2005	-3.6%	-2.8%
Percent Change 2005-2010	-3.8%	-3.1%
Avg. Annual Percent Change 1990-2000	0.4%	-0.1%
Avg. Annual Percent Change 2000-2005	-0.7%	-0.6%
Avg. Annual Percent Change 2005-2010	-0.8%	-0.6%
Households		
1990 Census	8,232	23,828
2000 Census	7,366	21,998
2005 Estimate	6,964	21,194
2010 Projection	6,557	20,276
Percent Change 1990-2000	-10.5%	-7.7%
Percent Change 2000-2005	-5.5%	-3.7%
Percent Change 2005-2010	-5.8%	-4.3%
Avg. Annual Percent Change 1990-2000	-1.1%	-0.8%
Avg. Annual Percent Change 2000-2005	-1.1%	-0.7%
Avg. Annual Percent Change 2005-2010	-1.2%	-0.9%
Average Household Size		
1990 Census	2.77	2.86
2000 Census	3.21	3.06
2005 Estimate	3.27	3.09
2010 Projection	3.34	3.13

SOURCES: US Bureau of the Census; Claritas, Inc.; Real Estate Strategies, Inc.

The Primary Trade Area consists largely of built-up older residential neighborhoods that are mixed with commercial and industrial uses. The following are salient points:

- Although the population in the half-mile Trade Area increased by 3.7 percent between the 1990 Census and 2000 Census, the area has lost population between 2000 and 2005. A further population decline of 3.8 percent is projected from 2005 through 2010.

- The population within the larger one-mile radius declined 1.2 percent from 1990 to 2000. From 2000 to 2005, declines are estimated to have increased to 2.8 percent, and to increase further to 3.1 percent of the population between 2005 and 2010.

- The number of households is projected to decrease between 2005 and 2010 in both the half-mile and one-mile radius by 5.8 percent and 4.3 percent, respectively.
- Consistent with the increases in the average household size, the number of households is decreasing more rapidly than the total population in both areas. The increasing household size is inconsistent with the trend in the U.S. overall, which is toward smaller household size. It is, however, a reflection of the increasing number of Hispanic households living within the half-mile and one-mile radii, and the cultural tendency for Hispanic families to be larger than non-Hispanic families. These larger families may have more than one wage earner, which would translate into additional buying power.

Table 3 presents 2005 estimates of the age, racial, and adult educational attainment characteristics for the population living in the half-mile and one-mile radii.

- During 2005, a large percentage of the population in the half-mile Trade Area, 12.2 percent, is estimated to be under five years old. An additional 26.4 percent of the population is estimated to be five to 17 years old. These large percentages of young people represent opportunities for businesses that provide goods and services for children.
- A large percentage of the population is estimated to be in the age cohorts from 25 to 44 years old, the age when households are likely start families and to be first-time homebuyers, an indication that there will be purchases of household goods and apparel for infants and children.
- Almost 48 percent of the population within a half-mile radius is of Hispanic origin, and the percentage of Hispanic population has been increasing. Just over one-fourth of the population is African-American (non-Hispanic). Only 3.5 percent of the population is Asian (not Hispanic) and the remaining 22.3 percent of the population is white (non-Hispanic. Within the broader one-mile radius, a larger percentage of the population is white (non-Hispanic), and a smaller percentage is African-American.
- The educational attainment of adults 25 and older is very low within the half-mile Primary Trade Area. During 2005, more than 15 percent of the population is estimated to have less than a ninth grade education, and an additional 36.8 percent of adults do not have a high school diploma. Only 4.4 percent of adults have a college degree or higher educational attainment. The educational attainment of adults within the broader one-mild radius is similar to the pattern in the half-mile radius.

TABLE 3 K&A Selected Population Characteristics Half-Mile Radius and One-Mile Radius		
	Half-Mile Radius	One-Mile Radius
2005 Population by Age - Percent		
Under 5 years	12.2%	10.7%
5 to 17 years	26.4%	24.5%
18 to 24 Years	10.8%	10.4%
25 to 44 Years	28.3%	28.0%
45 to 64 Years	16.2%	18.3%
65 to 74 Years	3.4%	4.3%
75+ Years	2.6%	3.7%
Median Age - 2005 (in Years)	25.4	28.1
2005 Population by Race - Percent		
White	22.3%	33.9%
African American	24.6%	16.0%
Asian	3.5%	3.6%
All Other	1.7%	1.9%
Hispanic Origin	47.9%	44.6%
Educational Attainment - 2005 Census*		
Less than 9th Grade	15.1%	16.4%
9th to 12th Grade, No Diploma	36.8%	33.7%
High School Graduate	34.3%	34.8%
Some College, No Degree	9.4%	9.2%
Advanced Degree	4.4%	5.9%

*Note: *Statistics are for population 25+ years in 2005*

SOURCES: US Bureau of the Census; Claritas, Inc.; Real Estate Strategies, Inc.

Housing Characteristics

Table 4 presents selected data about housing in the K&A half-mile Primary Trade Area and the broader one-mile radius.

TABLE 4 K&A Selected Housing Statistics Half-Mile Radius and One-Mile Radius		
	Half-Mile	**One-Mile**
2005 Est. Tenure of Occupied Housing Units		
Owner-Occupied	58.7%	63.0%
Renter-Occupied	41.3%	37.0%
2005 Est.Housing Units by Structure Type		
1 Unit Attached	78.6%	81.7%
1 Unit Detached	8.6%	8.0%
2 Units	6.7%	4.6%
3 to 19 Units	5.2%	4.4%
20 or More Units	0.3%	1.0%
Other	0.6%	0.4%
Total	100.0%	100.0%
2005 Est. Owner-Occupied Housing Value		
Less Than $20,000	9.0%	8.9%
$20,000 - $39,999	38.2%	28.7%
$40,000 - $59,999	39.5%	35.8%
$60,000 - $79,999	8.9%	16.1%
Over $70,000	4.3%	10.6%
2005 Est. Median Value of Housing Units	$41,398	$46,936
2005 Est. Housing Units by Year Built		
Built 1999 to Present	1.4%	2.9%
Built 1980 to 1998	2.4%	2.7%
Built 1960 to 1979	10.2%	8.6%
Built 1940 to 1959	28.1%	25.9%
Built Before 1939	58.0%	60.1%
Total	100.0%	100.0%
2005 Est. Households by Number of Vehicles		
No Vehicles	54.2%	47.4%
1 Vehicle	35.6%	38.3%
2 Vehicle	9.0%	12.0%
3 Vehicles	0.7%	1.7%
4 of More Vehicles	0.6%	0.6%
Total	100.0%	100.0%

SOURCES: US Bureau of the Census; Claritas, Inc.; Real Estate Strategies, Inc.

- The percentages of owner-occupied housing units are estimated to be relatively high in the half-mile and one-mile radii, 58.7 and 63.0 percent, respectively. Households that own homes generally tend to have more of a vested interest in their neighborhoods than renters. Homeowners also are more likely to make purchases for home improvements.

- The majority of the housing units (78.6 percent) in the half-mile Primary Trade Area are single-family attached row homes, the majority of which (86.1 percent) were built before 1940. The age of the housing stock is also apparent from the high concentrations of vacant and abandoned residential units and the apparent high levels of deferred housing maintenance in the delineated areas.

- In 2005, the median value of the owner-occupied housing stock is estimated to be \$41,400, and 86.7 percent of the housing units are estimated to have values below \$50,000. Based on these statistics, homeowners are facing situations of economic obsolescence of their homes. This is because the cost to repair or maintain a home exceeds the value of the home after improvements are made. Efforts to stabilize and enhance home values in areas near the K&A corridor will be very important in providing incentives for owners to maintain and improve their property.

- In 2005, an estimated 54.2 percent of the households in the half-mile Primary Trade Area that did not have a vehicle. These households are an ideal target audience for the K&A commercial corridor because they walk and rely on public transportation. As indicated previously, the competitive advantage of the K&A corridor in comparison with other commercial and retail districts in Philadelphia is its pedestrian orientation and the access provided by the El and the bus system that serves the area.

Household Income

Table 5 presents Claritas estimates of household income by income band during 2005 in the half-mile and one-mile radii.

TABLE 5 K&A 2005 Households by Household Income Half-Mile and One-Mile Radius				
	Half-Mile Radius		One-Mile Radius	
Income Band	**Number**	**Percent**	**Number**	**Percent**
Less than $15,000	3,057	43.9%	8,391	39.6%
$15,000 - $24,999	1,472	21.1%	3,875	18.3%
$25,000 - $34,999	879	12.6%	2,652	12.5%
$35,000 - $49,999	850	12.2%	2,802	13.2%
$50,000 - $99,999	646	9.3%	2,980	14.1%
$100,000 - $149,999	27	0.4%	377	1.8%
$150,000 and over	33	0.5%	118	0.6%
Total	6,964	100.0%	21,195	100.0%
Median Household Income				
2000 Census	$17,681		$20,080	
2005 Estimate	$17,889		$20,694	
2010 Projected	$18,152		$21,243	
Percentage Change 2000 - 2005	1.2%		3.1%	
Percentage Change 2000 - 2005	1.5%		2.7%	
Median Effective Buying Income				
2005 Estimate	$16,183		$18,802	

Notes: Percentages may not add because of rounding
SOURCES: US Bureau of the Census; Claritas, Inc.; Real Estate Strategies, Inc.

- During 2005, an estimated 43.9 percent of households in the half-mile radius and 39.6 percent of the households in the larger one-mile radius have incomes under $15,000, an indication of the large number of households in the area with incomes below the poverty level. The 2005 poverty guideline of the U.S. Department of Health and Human Services for a three-person household in the 48 contiguous United States is $16,090. For a four-person household, the poverty guideline is $19,350.

- An additional 21.1 percent of households within the half-mile radius and 18.3 percent of the households in the one-mile radius have 2005 incomes ranging from $15,000 to $24,999. These low household incomes are an indication of the need for inexpensive consumer goods, which is evident in the number of retailers selling second hand merchandise at stores in the K&A corridor

- The median household income in the half-mile Primary Trade Area during 1999 as reported in the 2000 Census was $17,700. Claritas, Inc. has estimated that the median income has increased only 1.2 percent, to $17,900, by 2005. This slow income growth is projected to continue through 2010, another good indication that incremental demand for retail goods and services will not be generated by income growth.

- The income data are affected by the existence of an “underground economy”-- earnings that are not reported to government taxing bodies, and hence are not likely to be reported in the Census. Studies have suggested that the underground economy could equal 20 percent of reported income nationally, and even more in low-income areas like those surrounding the K&A corridor.

Consumer Spending Patterns

Tables 6A and 6B present estimates compiled by Claritas, Inc. of the 2004 Consumer Spending Patterns in the half-mile Primary Trade Area. Included in these tables are the aggregate annual expenditures, the per capita annual expenditures and the average household expenditure patterns as well as a market index to the United States as a whole. This index provides an indication about the consumer expenditure pattern of the target population in the K&A corridor and the priorities for expenditures on consumer goods and services. Consumer spending patterns can help to determine demand for retail goods and services and hence the potential market support for additional retail stores.

The data show, clearly, that households living in the half-mile Primary Trade Area spend their consumer dollars on food at home and apparel, and specifically on apparel for children and infants. Housing supplies and services, utilities, personal care products, smoking products, and day care are other categories where consumer expenditures are relatively high. It is interesting to note that smaller percentages are devoted to automotive expenditures because of the low percentage of households owning vehicles.

TABLE 6A
K&A 2004 Consumer Spending Patterns
Half-Mile Radius Trade Area

	Aggregate (in 000's)	Per Capita	Average Household	Market Index To USA
Apparel				
Women's Apparel	5,234	228	746	0.65
Men's Apparel	3,699	161	527	0.69
Girl's Apparel	2,318	101	330	1.35
Boy's Apparel	2,323	101	331	1.42
Infant's Apparel	975	42	139	1.36
Footware	2,830	123	403	0.87
Other Apparel Products	3,937	171	561	0.54
Total Apparel	21,316	927	3,037	0.76
Entertainment				
Sports and Recreation	4,267	186	608	0.48
TV, Radio and Sound Equipment	6,597	287	940	0.54
Reading Materials	1,501	65	214	0.44
Travel	3,588	156	511	0.39
Photographic Equipment	445	19	63	0.44
Food at Home				
Cereal Products	2,492	109	355	1.24
Bakery Products	4,081	178	581	1.04
Fish and Seafood	938	41	134	1.20
Meats	9,899	431	1,411	1.28
Dairy	4,012	175	572	1.07
Fruits and Vegetables	4,917	214	701	1.10
Juices	1,377	60	196	1.27
Sugars and Sweets	1,966	86	280	0.85
Fats and Oils	355	15	51	1.08
Non Alcoholic Beverages	3,450	150	492	0.95
Prepared Foods	53	229	751	0.79
Total Food at Home	38,754	1,687	5,524	1.06
Total Food Away From Home				
Breakfast and Brunch	1,956	85	279	0.70
Dinner	7,038	306	1,003	0.84
Lunch	6,775	295	966	0.68
Snack and Non Alcoholic Beverages	2,462	107	351	0.79
Catered Affairs	518	23	74	0.88
Food and Non Alcoholic Beverages on Trips	3,819	166	544	0.76
Total	22,568	982	3,217	0.70
Alcoholic Beverages	5,901	257	841	0.69

SOURCES: US Bureau of the Census; Claritas, Inc.; Real Estate Strategies, Inc.

TABLE 6B K&A 2004 Consumer Spending Patterns Half-Mile Radius Trade Area	Aggregate (in 000's)	Per Capita	Average Household	Market Index To USA
Total Health Care	12,066	525	1,720	0.49
Households				
Total Household Textiles	1,799	78	256	0.48
Total Furniture	2,300	100	328	0.42
Major Appliances	1,191	52	170	0.56
Small Appliances / Houseware	1,186	52	169	0.28
Misc. Household Equipment	1,689	74	241	0.47
Housekeeping Supplies	1,890	82	269	0.86
Housing Costs				
Household Services	2,967	129	423	0.84
Household Repairs	3,851	168	549	0.48
Fuels and Utilities	2,491	108	355	2.35
Telephone Service	3,754	163	535	0.82
Transportation				
New Autos/Trucks/Vans	10,572	460	1,507	0.53
Used Vehicles	3,160	138	450	0.21
Gasoline	5,239	228	747	0.58
Rented Vehicles	313	14	45	0.25
Boats	153	7	22	0.08
Diesel Fuel	40	2	6	0.48
Towing Charges	31	1	4	0.77
Total Transportation	19,508	850	2,781	0.41
Automotive Repairs	3,755	163	535	0.33
Miscellaneous Items				
Personal Care Products	4,554	198	649	0.73
Personal Expenses and Services	3,080	134	439	0.33
Smoking Products	5,900	257	841	1.04
Education	4,935	215	771	0.60
Pet Expenses	1,643	72	272	0.53
Day Care	2,157	94	365	0.97
Contributions	5,787	252	901	0.47
Total Consumer Expenditures	191,438	8,334	27,286	0.62

SOURCES: US Bureau of the Census; Claritas, Inc.; Real Estate Strategies, Inc.

K&A's current mix of stores is not likely to draw large numbers of shoppers from outside the delineated trade areas. The market analysts estimate that no more than 10 to 15 percent of current sales by K&A corridor businesses are by households living outside the Primary Trade Area and these most likely are limited to people using the El, and those patronizing medical establishments. The area lacks a large supermarket, discount department store, or other so-called “anchor” or “draw”. The large employers in nearby areas, Northeastern Hospital and Episcopal Hospital, are not likely to generate much patronage for retailers in the Primary Target Area at the present time because these consumers are more likely to patronize stores along Aramingo Avenue. A stronger mix of grocery stores, children and infant apparel, convenience stores, businesses providing personal services, and restaurants in the K&A commercial corridor, especially on the eastern border of Allegheny Avenue might draw more support in the future from Northeastern Hospital.

COMPETETIVE RETAIL CENTERS

Field observations indicated that there are three primary sources of competition for the retail and commercial businesses that are located in K&A corridor. They are (1) other retail stores that are located within one to two miles; (2) the stores and shopping centers that are located along Aramingo Avenue; and, (3) the Front Street and Kensington Avenue commercial corridor. There also will be some competition from the North Fifth Street corridor for some retail and commercial expenditures by Hispanic households living in the Primary Trade Area.

Neighborhood Stores

Neighborhood shopping in the area includes several corner stores, stores in Harrowgate Plaza, and a few commercial businesses along Frankford Avenue. Corner stores that once were the convenience stores, restaurants, and bars for residents of thriving urban neighborhoods have become detriments for commercial corridor revitalization efforts. These establishments often deter residents from walking to the commercial corridor because the corner stores are closer to home. This pattern weakens efforts to increase the number of shoppers patronizing the commercial corridor. It also tends to minimize impulse purchases from adjacent retailers because these stores typically are a single business on a block that is otherwise residential. Many of the corner establishments also are gathering places for young people, which also can intimidate older residents. Several corner stores have transitioned into businesses with marginal or illegal activity.

Harrowgate Plaza is a poorly located shopping center that once housed a neighborhood supermarket and smaller stores. The current mix of establishments includes 99 Cent Depot, Allegheny Child Care Academy, a beer distributor, barber shop and beauty salon, a wine and spirits shop, dollar store and laundromat. This shopping center, while once an asset to the community, is now a blighting influence. Access is difficult and visibility is poor because the center is located on a small hill in the middle of a predominantly residential section of the community. The mix of retailers has shifted, and the large surface parking lot is no longer used extensively. The owners of the property have not maintained it, and there are visible signs of deferred maintenance.

Harrowgate Plaza

The K&A corridor also competes with neighborhood stores that are located along Frankford Avenue. To the extent possible, viable corner store operations, along with businesses that are located along Frankford Avenue and at Harrowgate Plaza should be encouraged to relocate to the K&A corridor. Corner stores and businesses establishments along Frankford Avenue can be returned to residential use. Similarly, the Harrowgate Plaza property could be a redevelopment site for new housing.

Aramingo Avenue

The main source of competition for the K&A corridor is from stores and shopping centers that are located along Aramingo Avenue about one mile from the K&A commercial corridor. Aramingo Avenue has a concentration of big box retailers including Home Depot, K-Mart, Toys R Us, Petco, and a new Target. The area also hosts Pathmark, Shop Rite, Save-A-Lot, and a host of national retailers and local businesses. Names include Rainbow Shop, Strause Discount Auto, MAB Paints, Designer Warehouse, Midas, Fashion Bug, LA Weight Loss, Bally Total Fitness, Jiffy Lube, Eckerd Drug Store, Dunkin Donuts, Foot Locker, Payless Shoes, Radio Shack, Modell's Sporting Goods, H&R Block, Rent-A-Center, and Blockbuster Video. Virtually all of the fast food chains have restaurants here, and there are branches of many of the national and local banks. Retailers such as Blockbuster Video and Pearle Vision Center, which have left the K&A corridor, have opened new stores in the Aramingo district.

The Aramingo area is exclusively vehicular in nature. Large front-loaded parking lots are associated with every retailer, and consumers must drive from one shopping center to the next because the centers and free-standing big box retailers are separated by large roadways and parking lots. Although there is bus service to Aramingo Avenue, patrons using public transportation must walk through vast parking lots to get from the bus stop at the street to the retail entrance.

Shop Rite

Home Depot

Bally Total Fitness

Front Street and Kensington Avenue Commercial Corridor

A very stable commercial corridor is located at the intersection of Front Street and Kensington Avenue where the Market-Frankford El turns off of Front Street and onto Kensington Avenue. Like the K&A corridor, the El runs on above the street throughout this commercial corridor, making the street dark below the tracks. Although this Front Street commercial corridor is approximately one mile from the K&A corridor, Front Street has very few vacancies, and the stores are well maintained. Parking is more limited than in the K&A corridor, but the businesses are still thriving. The success of the Front Street corridor with more limited parking demonstrates that a strong mix of retail stores in an area that is well maintained will result in good retail sales even when parking is inadequate. The Front Street corridor has better maintenance, and property owners also seem to be maintaining their buildings. Front Street has been able to retain many retailers that should be in the K&A district including Lots Store and Fayva Shoes. The difference between this area and the K&A corridor might be a result of the longer distance to the Aramingo Avenue shopping centers. It also might be a result of better coordination of services to the businesses that are located along Front Street, enticing them to remain and enhancing retail sales.

North Fifth Street

The stretch of North Fifth Street from Lehigh Avenue to Allegheny Avenue has become a cultural retail corridor catering to North Philadelphia's growing Hispanic population. This district hosts a number of retailers addressing the specific tastes of Hispanic consumers and providing the goods and services that may not be available elsewhere. Many of the businesses along North Fifth Street are restaurants and grocery stores, but there are also hardware and small appliance stores and apparel stores. Although it is slightly over one mile away from the K&A corridor the ethnic flare of this street makes it a draw for Hispanic consumers from all areas of North Philadelphia and beyond.

FINDINGS AND RECOMMENDATIONS

There are opportunities to make short-term improvements in the K&A corridor that have the potential to stimulate additional long-term investment in the area. Improvements will require concerted effort by the local business community, working in tandem with community-based organizations and institutions, City of Philadelphia agencies and authorities, and residents of the greater Kensington-Richmond area. Visible improvements are an essential first step to demonstrate that change is occurring. Subsequently, after these improvements begin changing perceptions, it should be possible to engage private businesses and entrepreneurs in revitalization activity, new business development, and expansion of existing businesses. The challenges, opportunities and recommendations for future improvements are outlined in the following paragraphs.

Challenges

The K&A corridor and business located in it face many challenges:

- The K&A corridor presently is too large for its base of patrons. It was developed during a time when the surrounding community was more densely populated and residents spent most of their disposable income at stores that were located in the corridor. Given the shopping choices that are available today and the smaller number of households in the community, demand can be served by a smaller and more concentrated retail and commercial area that is focused around the intersection of Kensington and Allegheny Avenues.

- The Primary Trade Area has been losing households since the late 1950's. This trend is projected to continue during the next five years at an accelerated pace.

- Incomes in the community are very low, and there are high concentrations of households with incomes below the poverty guidelines. Median household income is increasing very slowly, which means that consumer expenditures also are likely to increase slowly. Increases in the median income are not expected to keep pace with the cost of living.

- There are challenges from cultural differences. Only 58 percent of the population in the one-half mile radius speaks English at home, while 36 percent speaks Spanish. Other households speak Asian and Indo-European languages at home, reflecting the ethnic diversity of the community. Language and culture can be significant barriers for traditional retailers.

- Consistent with the pattern of low income, the educational attainment of adults is far below national averages.

- Vacancy rates in the community's commercial space are high. While Allegheny Avenue is more stable than Kensington Avenue, many of the properties along Allegheny are residential. The vacancy rate overall along Kensington Avenue in the K&A corridor ranges from approximately 30 percent to as high as 50 percent. Second and third floor space along Kensington Avenue has a vacancy rate estimated to be about 70 percent.

- Parking, which consists primarily of on-street, metered spaces, is at a premium. There are very few commercial lots in the K&A corridor, and there is little control over the use of on-street parking. There are no parking garages for patrons of commercial businesses or commuters.

- Retail and commercial businesses face stiff competition from newer commercial districts, most notably from stores in the nearby Aramingo Avenue commercial area.

- Crime and drugs are reported to be major problems. The drug problem is considered to be more of an issue because it deters people from shopping in the area.

- Trash, litter, and the general appearance of the K&A corridor are major challenges.

- The elevated rail leaves the street dark, even on sunny days. The noise of the passing trains precludes residential uses of second and third floor space in buildings along Kensington Avenue.

- Despite having a relatively high concentration of owner-occupied housing, much of the housing stock in the half-mile Primary Trade Area is old, and home values are depressed.

- Revitalization will require commitments of public subsidies combined with private investment. The community will need to compete successfully for scarce funding resources with other City of Philadelphia neighborhoods including Center City, University City, and Lower North Philadelphia.

Opportunities

Despite the challenges, there are a number of strengths that the K&A corridor possesses that can be catalysts for the revitalization of the commercial district.

- This is a functioning commercial corridor that serves the retail and commercial needs of many residents of surrounding neighborhoods. An estimated 247 retail establishments are located within the one-half mile Primary Trade Area, including a wide array of retailers: apparel, jewelry, sporting goods, produce, grocery, health and beauty products, and home furnishings. Combined, the establishments are estimated to have 2,340 employees and to generate approximately $242 million in annual sales. Almost all of these retailers are small operators employing fewer than 20 people.

- The area has large institutional employers such as Northeastern Hospital and Episcopal Hospital that could be cornerstones of revitalization initiatives that might include employer assisted housing programs to attract more residents to the area.

- The intersection of Kensington and Allegheny is heavily traveled. Statistics compiled during 2003 by the Delaware Valley Regional Planning Commission indicate that more than 17,000 vehicles traverse the K&A intersection every day. This heavy volume occurs even though an estimated 54 percent of the households within the one-half mile Trade Area have no vehicle, and an additional 36 percent of households have only one vehicle.

- Ridership on the Market-Frankford El has been increasing. Average daily ridership, both east and westbound from the Tioga and Allegheny stations, increased 19 percent between 1992 and 2004. Over 34 percent of the estimated workers within the one-half mile Primary Trade Area take public transportation to work. This equates to 1,717 commuters. Combined, an average of 12,947 daily trips are made using the two El stations during 2005, which indicates that riders are coming from outside of the Primary Trade Area to use public transit.

- There is a growing sense that the significant amount of pedestrian and commuter traffic can be captured if there is a viable commercial revitalization strategy for the K&A corridor. A 1998 study by the University of Pennsylvania lends credence to this position. It referenced the underdeveloped commuter market, a strong highway and transit network, and a desirable location as some of the principal assets of the area. However, it is difficult for commuter-oriented retail to drive success, and SEPTA’s development of a 1,000-car commuter-parking garage at the Frankford terminal may weaken the potential of the commuter market segment.

- Average rents for first floor commercial space in the district are between $8 and $12 per square foot, which is a depressed level. However, well-designed, modern commercial buildings in good locations in the K&A corridor and with dedicated parking have commanded rents as high as $20 to $30 per square foot. A recently redeveloped commercial building along Kensington Avenue has achieved rents of $12.50 to $13.00 per square foot, triple net for the upper floor office space, and asking rents during the summer of 2005 were $15.00 to $18.00 per square foot, triple net for the ground floor retail space. In sum, reasonable rents are achievable in the K&A corridor for space that is reasonable.

- There is available land and property in the area that might be used to help to spur redevelopment. Abandoned factory buildings have the potential for conversion and reuse. Strong real estate markets in neighborhoods located north of Center City Philadelphia are moving further north. For example, solid market performance in Northern Liberties has increased real estate values in bordering neighborhoods such as Fishtown and South Kensington, forcing residents of these once economically diverse neighborhoods to seek less expensive real estate elsewhere. The K&A corridor is positioned to benefit as residents continue moving north.

Recommendations

The following are recommended retail establishments to be added in the K&A target area:

- **Grocery store with Hispanic orientation -** Given the large percentage of households that have no vehicles (54.2 percent) and the large percentage of consumer expenditures for food that is consumed at home (1.06 times the national amount), a new grocery store of 15,000 to 25,000 square feet would be an ideal additional anchor for the K&A intersection. It would enable residents to exit the Allegheny Station stop of the El, shop and walk or take the bus home. With large concentration of Hispanics residing in the community (47.9 percent), providing a grocery store that caters to this segment of the population through bilingual signage and a broad array of Latino food would enable the new store to compete effectively with the larger supermarkets along Aramingo Avenue.

- **Small food stores as an alternative to a grocery store -** If it is not possible to attract a larger grocery store, an alternative strategy would be to try to recruit a Murry's, which is a meat products oriented food store that also has a produce component. In addition to a Murry's, other food-oriented stores might include a chicken specialty store such as Longacre's, an ice cream or water ice store, and a bakery.

- **Store(s) for infant and children's clothing -** The area has a large percentage of the population under the age of 5 years old (23.7 percent). Consistent with patterns for Hispanics, K&A area residents spend 1.36 times the national average on infant apparel, 1.35 times on girls' apparel and 1.42 times on boys' apparel. There are not sufficient quality children's apparel stores in the K&A area to capture these consumer dollars. Locating a retail store with children's and infant's apparel near the intersection of K&A would create greater access for households with no vehicle. A local merchant that is of Hispanic origin and maintains bilingual staff would provide the store with a competitive advantage over the national chains along Aramingo Avenue.

- **One or more restaurants -** Although the population spends less than the national average consumer expenditures on food away from home, opening a restaurant along Allegheny Avenue with take out prepared food would provide the area with an attraction that will entice residents to patronize the K&A area. If such a restaurant is created with ample free parking, it could be a draw for the broader community as populations residing one and five miles out spend more consumer dollars on food away from home. Most of the existing restaurants in the area offer Chinese or Italian food; the focus should be on other ethnic restaurants. Offering food that appeals to the Hispanic community and others who enjoy Cuban or South American food will enable the new establishment to attract a larger segment of the population. An approach here would be to identify a restaurateur in Philadelphia willing to open an additional restaurant. An enticement might be assistance with tenant improvements through a favorable financing program.

- **Gym, Martial Arts facility -** A facility such as a Gold's Gym, martial arts school, or Police Athletic League facility could be useful in the K&A target area, in part to work with youth after school and during evening hours in a constructive way. While there is a Bally's facility on Aramingo Avenue, membership in this type of facility likely is out of reach for many households in the K&A area. A facility within walking distance with structured exercise and sports programs would be a good addition in the K&A area.

Revitalization Strategy

The following are components of a commercial revitalization strategy for the K&A corridor. The strategy is designed to emphasize highly visible enhancements early-on, along with activity to begin creating a critical mass of retail activity close to the intersection of Kensington and Allegheny. Impact Services Corporation will need to be an active player, serving as a catalyst in packaging resources and fostering relationships that will result in successful public/private partnerships to enhance the commercial corridor and to develop new businesses. The Impact Services role should be as *motivator, coordinator, packager, and facilitator,* of a coordinated agenda that includes the following components of a revitalization strategy:

- **Enhance the appearance of the K&A corridor -** The area gives the appearance as a place that has fallen on hard times. It needs a facelift. Cleaning the K&A commercial corridor and creating mechanisms for better maintenance of the area and improved management of trash removal is another vital step for improving the corridor. Activities that are recommended include:

    - Encouraging businesses and residents to place trash out in sealed containers only on the day of trash collection.

    - Identifying funding and resources to provide enclosed trash dumpsters and receptacles in strategic locations at the rear of properties or in vacant lots (behind screens) where trash can be stored between collection dates.

    - Forming a partnership with the Sanitation Department to ensure trash collectors do not spill trash or leave trash behind along the streets.

    - Raising funds and making arrangements for regular sidewalk and street cleaning.

    - Working with the City to have graffiti removed as soon as it appears.

- **Lobby the City of Philadelphia and other organizations with enforcement responsibilities to address drug dealing and related criminal activity -** Problems with drugs and crime, including prostitution and theft for drug money, were cited repeatedly by real estate brokers and developers. This is the number one deterrent to the marketability of the K&A area. The Center City District (CCD) in downtown Philadelphia has been very successful in forming a partnership with the police to prevent crime in their target area. Impact Services Corporation might identify grant resources that could be used to obtain technical assistance from CCD in identifying and implementing successful strategies to combat the problems. Some potential programs that might be pursued include the following:

    - Establishing a police station at a strategic location in the K&A corridor.

    - Obtaining for additional police officers to patrol on bikes or horseback.

    - Raising funds to provide police officers with bullet proof vests.

    - Facilitating information flow and incident mapping to better label crime "hot spots" in the area.

    - Enhancing communications between police officers, residents of the community, and business representatives about incidents of crime.

- **Focus attention at Kensington and Allegheny -** Impact Services should help to focus attention on the First Blocks, forging stronger relationships and partnerships with various organizations and City agencies to implement initial activities such as the following:

- Work with SEPTA to clean and paint the El tracks.

- Work with PECO, the City and SEPTA to improve the lighting under the El and install decorative lighting along the sidewalk.

- Investigate the possibility of funding for cameras as a security measure/crime deterrent.

- Secure Commerce Department funding for façade improvements at existing businesses along with improved store signage and lighting.

- Work with owners of vacant buildings and the Philadelphia Department of License and Inspection to clean and seal structures to eliminate illicit activity.

- Work with Philadelphia Green to improve the landscaping with street trees, window boxes, and planters at appropriate locations.

- Raise grant funding to improve signage and to provide attractive, colorful, decorative banners.

- A more pro-active role would involve Impact Services Corporation pursuing the New Kensington model of acquiring vacant lots, cleaning, fencing, and greening properties and then holding them until new uses are viable.

- **Emphasize the First Blocks -** In addition to the incremental additional businesses listed above in the K&A corridor, efforts should be devoted to identifying funding sources and encouraging existing viable retail businesses along Kensington Avenue to relocate to the First Blocks around the intersection of Kensington and Allegheny Avenues. This will create a critical mass of positive business activity centered at this key intersection, and it will tighten the corridor at its core.

- **Address parking –** Impact Services should coordinate activities that will result in additional off-street parking to serve the K&A Corridor. Vacant lots should be acquired, and vacant buildings should be selectively demolished to create additional parking. If funding can be secured, the property could be owned by Impact Services and leased to the K&A Business Association to operate it.

- **Foster public/private partnerships for development initiatives –** Impact Services Corporation can be the development facilitator, working with both the private sector and public agencies to encourage revitalization and redevelopment activity in the K&A corridor. Activities might include:

  - Encouraging the City to acquire vacant properties and dilapidated structures with absentee owners to position parcels for reuse. Impact Services might assist with the preparation of requests for development proposals for publicly owned parcels, monitor development activity, and ensure that there are reversions if parcels are not developed in a timely manner.

  - Conducting outreach to businesses to entice them to consider a location in the K&A corridor.

  - Establishing relationships with real estate developers who can be called upon to rehabilitate or develop retail and commercial space for new businesses.

  - Securing low-interest loans and grants to offset development costs when important projects are economically infeasible; assisting start-up businesses to obtain below-market financing packages.

  - Fostering partnerships between real estate developers, leasing agents and businesses to facilitate negotiation of leases.

  - Supporting the K&A Business Association to ensure full participation of businesses and adequate resources for project implementation.

- **Market the area once it looks better -** Impact Services should seek grant funding and assist the K&A Business Association with the creation and implementation of a marketing and public relations campaign to improve the perception of the area, as well as attract new businesses and customers. This should include:

  - Creating a new logo and K&A image.

  - Assisting with advertising and preparing and placing newspaper articles about the attributes of the community.

  - Helping to increase the number of events/festivals and to market them successfully.

  - Encouraging enhanced seasonal and holiday promotional activity.

- **Make the establishment of a Special Services District a long-term goal -** Once the K&A area begins to see signs of improvement and new businesses begin to locate along the commercial corridor, Impact Services should work with the K&A Business Association and the City of Philadelphia to create a Special Services District.

Funding for physical improvements often is difficult to identify, and there are always multiple competing priorities for City of Philadelphia dollars and the Community Development Block Grant funding that is made available to the City. To the extent possible, Impact Services and other concerned organizations are encouraged to explore some less obvious funding sources for community and economic development. For example, funds that are provided to the Commonwealth of Pennsylvania by the U.S. Department of Transportation usually have included some discretionary dollars for transportation related improvements, including development activity near transit stops. Department of Justice Weed and Seed funding has been used to support activities associated with crime and safety. The Economic Development Administration of the U.S. Department of Commerce has assisted with streetscape improvements and public improvements in distressed cities, and they have provided seed capital funding for development projects. Funding initiatives of the Commonwealth of Pennsylvania also might be used for implementation activity, and foundations often are willing to contribute to activities that are well-conceived and likely to succeed.

Most important, Impact Services Corporation should encourage the leveraging of all funds that are received by identifying other loans and grants that can be used as a match. The leveraging concept potentially can turn limited amounts of commercial revitalization funding for the K&A commercial corridor into very sizable dollars to support new initiatives. Visible development activity will significantly improve the business environment and the performance of individual K&A businesses because it can help to build the base of customers coming to the area to patronize retail and commercial establishments.