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Revitalization in Philadelphia, 1940-1970: Rebuilding a City but Straining Race Relations

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Abby Millender

Keldorf

Global City Period 1

18 February 2019

Revitalization in Philadelphia, 1940-1970: Rebuilding a City but Straining Race Relations

Research Question: To what extent did post-World War II revitalization projects in Philadelphia promote segregation in the inner city?

Philadelphia is known today for its historical attractions, sports teams, and colonial homes. Tourists can visit the Liberty Bell, Independence Mall, Lincoln Financial Field, and trendy shopping neighborhoods. However, Philadelphia is also known for rundown neighborhoods ridden with violence, poverty, drug abuse, and gang activity. While many large American cities have both affluent and impoverished neighborhoods, Philadelphia's are a result of and a reminder of its industrial and segregated past. The slums of Philadelphia are the remnants of housing built quickly for factory workers during the late nineteenth and early twentieth centuries, when Philadelphia was the home of thriving automobile, textile, and chemical manufacturers. When industry in the city began to decline during the 1930s—a trend only temporarily reversed during World War II—the local government had to redesign and rebuild the city in order to save it. Although these government-funded and privately-sponsored projects were intended to revitalize the city in the mid-twentieth century, the impact of subprime lending, gentrification, and the concentration of revitalization on the downtown core to the exclusion of working class, African-American neighborhoods promoted wide-scale segregation within the city.

World War II had positive effects on Philadelphia's economy and race relations. Prior to the war, Philadelphia suffered from high unemployment rates, because many residents had depended on factory jobs in north Philadelphia that had disappeared during the Great Depression. Many Philadelphia manufacturing facilities helped supply the army during World War I, so they were called upon again in 1940 when President Roosevelt began a rearmament program. The Philadelphia Naval Shipyard hired over 50,000 new employees, and the Frankford Arsenal hired 20,000 employees to build ammunition and arms. Around 350,000 Philadelphians worked under defense contracts during the war (Ershkowitz).

The abundance of industrial jobs during the war helped African Americans win some civil rights battles. At the beginning of the war, most companies that had contracts to supply the military did not hire African Americans. In 1943, however, the Fair Employment Practices Commission forced large companies to revise their hiring policies. These companies included American Telephone and Telegraph, the Pennsylvania Railroad, and the Radio Corporation of America. Although the war enabled many African Americans to gain employment, it also hurt African-American communities because it exacerbated the housing crisis in the city. Many people came to Philadelphia to work during the war and flooded the housing market. According to Dr. Herbert Ershkowitz, a professor of history at Temple University, "this affected working-class areas especially as multiple families crowded into small houses, but African Americans lived in the most dilapidated houses of all, often without indoor plumbing."



("Dilapidated").

Many of these crowded homes were row houses from the late nineteenth century, and most of them were never renovated, even in later decades of the twentieth century.

While Philadelphia's population peaked in 1945, many Philadelphians lost their jobs during that year because of the war's conclusion. Most companies that had defense contracts laid off employees, especially those who were African-American. Although the city's population declined after 1945, there were still many residents who were unemployed and in need of housing. Moreover, Philadelphia, which had been the economic center of the Delaware Valley, lacked investment and faced competition for business and residents from the growing suburbs. The government implemented many programs during this period to revitalize and bring new investment to the inner city in order to create jobs and provide more housing options (Ershkowitz).

The Federal Housing Association's (FHA) attempts to revitalize inner city neighborhoods in the 1960s were well-intentioned, but in the end they disproportionately hurt African Americans and promoted segregation. Dr. Zane Curtis-Olsen, a historian at Yale University, wrote about FHA fraud in Philadelphia as part of his research on affordable housing policies in twentieth-century Philadelphia. Changes to sections 221(d)2 and 235 of the National Housing Act in the 1960s allowed speculators and politicians to market subprime loans to African-American families. Section 221(d)(2) "authorized HUD (Department of Housing and Urban Development) to insure private lenders against loss from default on mortgage loans made to finance the purchase, construction, or rehabilitation of low-cost, one- to four-family homes," according to Curtis-Olsen. Similarly, section 235 created programs that provided credit assistance to low-income families and lowered interest rates for mortgages to approximately 1%.

Families targeted by section 235 programs had credit scores that did not meet FHA requirements for mortgage programs. According to Curtis-Olsen, some of the worst incidents of abuse by speculators in the country occurred in Philadelphia:

In Philadelphia, politically connected brokers bought properties with serious structural failures from landlords bailing out of properties they had never repaired, sheriff and estate sales, or white families moving out of black neighborhoods. In each of these cases, the houses—generally 75 to 90 years old—had been left vacant for weeks or even months and were often vandalized. The speculator then made superficial repairs to the property, generally nothing more than applying wallpaper and a fresh coat of paint, and sold them as "FHA approved." By illegally advertising the property as "FHA approved," speculators created the false impression that their properties were sound. (Curtis-Olsen)

Speculators targeted members of poor communities who did not have experience owning homes. Such buyers not only did not know what structural problems and safety concerns to look for when they purchased homes, but they also could be coerced into taking out subprime loans.

Donald Barlett and James Steele, two journalists from the *Philadelphia Inquirer*, investigated fraudulent Philadelphia speculators and published their findings as a report in the late 1960s. Their investigation uncovered many cases of FHA fraud and exposed the role of government officials in the perpetuation of the fraud:

Collusion among the FHA, private mortgage brokers, and investors in Philadelphia led to the highest echelons of power. Hugh Scott, senior Senator from Pennsylvania and Senate Minority Leader since 1969, was a close personal

friend of United Brokers Mortgage Company president, Louis Bank.

(Curtis-Olsen)

Additionally, Senator Scott's aide took part in a \$50,000 cruise with Philadelphia real estate agents that was paid for by the United Brokers Mortgage Company, and the United Brokers Mortgage Company's entire staff worked overtime contacting potential voters for Scott's campaign. The state government hastily responded to this investigative report, and by the early 1970s this issue was taken on by the federal government. The government indicted the United Brokers Mortgage Company, which had provided the mortgages for many speculators, on 50 charges under the Truth in Lending Act, which was enacted in 1968. This was the first company federally charged under the Act. Moreover, seventeen Philadelphia real estate agents and thirty-five speculators and contractors were convicted on various charges, including filing false house certifications. 2,848 foreclosures occurred in Philadelphia during the late 1960s and early 1970s—more than all of the foreclosures from the previous thirty years. Although sections 221(d)(2) and 235 of the National Housing Act were meant to help African-American families purchase homes in cities like Philadelphia, they ultimately caused many families to default on mortgages and lose their homes in integrated neighborhoods (Curtis-Olsen).

Another revitalization project in post-war Philadelphia that encouraged segregation occurred in Society Hill. In 1949, Congress passed the National Housing Act to promote slum clearance and to ensure that all Americans had reasonable living situations. The Act allocated federal dollars to rehabilitation efforts. After World War II, city officials and planners put a development plan into place, commonly known as the "Philadelphia Renaissance" (Pace 12), to revitalize parts of the inner city and to raise the quality of life that had seriously declined after

the war. One area included in this plan was Society Hill. Dr. Valerie Pace of the University of Minnesota wrote about the relationship of city planning, Center City revitalization, and historic preservation in Society Hill for her doctoral dissertation. In the 1950s, the City Planning Commission and Redevelopment Authority took on the project to rehabilitate the neighborhood. This project received support not just from federal and state funding but also from private individuals who wanted to live in the neighborhood's historic colonial row homes, pictured below, and free-standing mansions (Pace).



(Reilly).

Public funds and private investment together contributed to the restoration of eighteenth-century houses to their original condition. Pace asserts: “The appropriations of the federal government were inadequate to deal with the housing problem. Private redevelopment was encouraged to assist in renewal. Alone, neither the public sector nor the private sector was able to provide an adequate amount of low-income housing” (13). Realtors used some private funds to build low-income housing, but private funds were mostly used to rehabilitate areas where white, middle-class families would want to live.

With the addition of private investment in the Society Hill project and input from the Philadelphia Historical Commission, the revitalization of Society Hill targeted upper-class white families (Pace). During the late nineteenth century, the area that came to be known as Society

Hill had been known as the Fifth Ward. In a description of Society Hill, Dr. George W. Dowdall of the University of Pennsylvania writes:

This area was the primary subject of W.E.B. Du Bois's (1868-1963) seminal sociological study of an urban neighborhood, *The Philadelphia Negro* (1899). He wrote that by the end of the nineteenth century the Fifth Ward was the worst Negro slum in the entire city, comparing it to a "cess-pool". (Dowdall)

When the area was rebranded as Society Hill and gentrified during the 1950s, many of its residents were pushed out. According to Dowdall, "Newspaper stories of urban pioneers who had used their own labor or funds to refurbish historic structures helped change its image. But another reality was also present: Most of the African American renters were displaced from the area." The Society Hill project is somewhat unique because its revitalization was heavily influenced by the historic architecture of its homes. It also successfully brought new businesses and investment to inner-city Philadelphia. This project, however, promoted segregation because it displaced the many African-American families that could not afford to purchase refurbished homes in the gentrifying neighborhood.

Finally, government-sponsored revitalization projects during this period that aimed to change the aesthetics of Center City Philadelphia promoted segregation because these projects were designed to attract white, middle-class families and neglected minority neighborhoods. The term "inner city" encompasses the entire city of Philadelphia, while "Center City" refers only to the city's downtown core (Zorrilla). After World War II, Philadelphia's declining population and weak economy gave the city the status of "worn-out," (103) according to Dr. Carolyn Adams, a professor at Temple University in Philadelphia, in her book on post-industrial Philadelphia. The

city's government had two revitalization goals after the war: replacing empty and obsolete buildings in Center City and bringing investment and jobs back into the city from the suburbs. The first tool the government used to revitalize the inner city was public transportation. In 1960, city planner Edmund Bacon created a plan to build a new transportation complex on Market Street, which is the most important east-west street in Philadelphia. Adams writes:

The mega structure was designed to be a four-block-long concourse, open to the sunlight, linking subway and commuter rail service, below street grade level. Rising above this, at appropriate intervals, were four very substantial office towers. On the other side of the office towers would be a bus terminal and parking garage, completely isolating the downtown retail area from direct access of the rest of the city. (111)

The first part of the plan, a tunnel to connect Suburban Station to Reading Station, was not approved until 1969, and its construction took five years. The tunnel cost over \$300 million city dollars in the end. Projects such as this were meant to bring whites from the suburbs to new jobs in the city. The same levels of investment and infrastructure were not extended to the primarily African-American northern sections of the city (Adams).

Along with public transportation, the city of Philadelphia allocated funds for the creation and refurbishment of public attractions in Center City. Some notable projects include the Convention Center, which was not completed until the 1980s, and Independence Mall, completed in 1967—shown in 1976 in the picture below.



(Inquirer Archives).

These projects and other government-funded construction plans in Center City induced white investment and white collar jobs to move to the area by the late twentieth century. By 1980, two-thirds of residential units in Center City were occupied by single people, the median income increased to double the inner-city average, 4,000 housing units were added to the market, and forty-five percent of owner-occupied housing was worth over \$100,000. Few of the white-collar jobs created in the revitalized Center City were filled by minority residents of the inner city, and income disparities increased in the city. These projects, which were located in Center City, had a devastating impact on the minority-dominated northern portion of the city. The revitalization of Center City caused the values of homes in North Philadelphia to drop by twenty percent from 1950 to 1980, and 35,000 housing units were condemned and demolished in the same years. New construction, moreover, never replaced these lost housing units. Similarly, the non-white population of Center City dropped by thirteen percent from 1950 to 1980 due to displacement (Adams).

Although many government officials and city planners considered revitalization to be synonymous with “progress” during the post-war period, they did not distribute their efforts equally to all parts of inner city. Their policies ultimately hit low-income, minority communities hardest through displacement:

One manifestation of class bias has been the differing plans for different populations. From the very beginning of the redevelopment program, it was intended that the poor black population of North Philadelphia be “dispersed” to Eastwick’s new town and the suburbs, while a concentrated effort was made to “get white leadership back” into Center City. (Adams 120)

Throughout the 1950s, minority communities tried with little success to block demolitions for projects like Independence Mall. In 1951, the Fels Institute of Local and State Government at the University of Pennsylvania began hosting annual seminars to discuss important community matters and to increase community involvement (“History”). The seminar in 1959 focused on class bias in urban renewal efforts. According to Adams, “The questions posed were [sic] ‘Are those hurt most the least able to afford it?’ and ‘Are middle-class standards of ‘blight’ relevant to the people living in the houses to be demolished?’” (120). Although no change came from this seminar, discussion on this topic shows that Philadelphian residents at the time were aware that revitalization was segregating the community and causing harm for some communities instead of creating progress (Adams).

While the revitalization efforts in Philadelphia promoted segregation and failed to promote integration, in the aggregate they were successful. Philadelphia has successfully rebuilt and rebranded its economy, in large part thanks to important and necessary revitalization projects conducted between 1940 and 1970. In the foreword of his book, *Design of Cities*, city planner Edmund Bacon writes: “My purpose is to help young people propel their own ideas, developed in their own terms, into the realities of their own day” (6). It is important to consider that many of the investors and city planners, such as Edmund Bacon, who were involved in the

revitalization, were progressive for their time and loved the city that they were trying to save.

One hundred years ago, Philadelphia's economy depended on manufacturing and industrial jobs.

Today, the economy of Philadelphia and its suburbs is growing and blooming, and has been for

the last fifty years. The government of Philadelphia should now make necessary changes to

address the oversights of its past and give Northern inner-city neighborhoods the revitalization

that they need.

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