

IMMIGRATION AND URBAN REVITALIZATION IN PHILADELPHIA:

**IMMIGRANT ENTREPRENEURSHIP AND
IMPROVING OPPORTUNITY IN THE
LOCAL ECONOMY**



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ABSTRACT

For decades, Philadelphia has lost population and suffered from increasing abandonment. Unlike cities such as New York, Boston and Chicago, Philadelphia has not seen a sufficient influx of foreign immigration to counter trends of domestic out-migration. Public policy in Philadelphia must address the need to attract and retain immigrants to Philadelphia in order for the City to remain competitive.

Foreign-born entrepreneurs are locating along Philadelphia's at-risk commercial corridors, investing in vacant and neglected property and revitalizing communities. In the three commercial corridor study areas examined for this report, immigrants operate more than half of all businesses. These immigrant-operated businesses provide needed goods and services to underserved communities, invigorate neglected urban infrastructure, and contribute to community vitality.

Philadelphia's foreign-born entrepreneurs face serious obstacles as they seek to participate in the City's economy. Through interviews with study area immigrant business operators, ethnic business organizations, and community groups, several leading challenges confronting foreign-born entrepreneurs were identified. These include inadequate access to financial resources, security concerns, the challenges of navigating City of Philadelphia small business processes, language barriers, community relations issues, a lack of political advocacy and networking opportunities, limited availability and quality of small business training, and a sluggish local redevelopment process. Also thwarting the participation of Philadelphia's foreign-born in the economy is the lack of available information on their contributions.

Awareness and discussion of immigration's role in revitalizing Philadelphia has historically been limited. Recent City of Philadelphia efforts such as the Managing Director's Office's Global Philadelphia initiative begin to move toward advancing public policy on immigration in Philadelphia. This report identifies some of the ways Philadelphia's public and private organizations can facilitate the creation of opportunity—both for the City and for its diverse populations.

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INTRODUCTION

BACKGROUND AND PURPOSE

Trends of urban decline have characterized the Philadelphia area for decades. The signals are clear: Philadelphia's rates of depopulation and decentralization are among the most alarming nationwide. Philadelphia has lost more of its population¹ and contains more vacant properties per capita² than any other city in the nation.

In the U.S., immigration has been proven to counter trends of urban decline by contributing to repopulation, revitalization, and economic development. Immigration has become the leading driver of population growth in the U.S., projected to account for 66% of the nation's increase in population in the next century, the majority of which is expected to occur in urban areas. Immigration is credited with preserving neighborhood vitality in cities including New York,³ Boston and Chicago. Immigrants are also a key component of a strong and diverse workforce. Immigrants start 18% of U.S. small businesses. In Massachusetts, immigrants accounted for 82% of the growth in the state's labor force.⁴

The Welcoming Center for New Pennsylvanians is an immigration resource center committed to raising awareness and advancing public policy on the contribution of immigrants in creating a prosperous Philadelphia. The Welcoming Center advocates for strategies that facilitate immigration's role in regional population growth, neighborhood revitalization, and economic development. While acknowledging that there is no single solution for countering urban decline, The Welcoming Center believes that concerted efforts to attract newcomers and promote economic opportunity among immigrants are essential for making Philadelphia a better place to live and work.

This report highlights some of the opportunities and challenges of immigration as it relates to urban revitalization and economic development in the Philadelphia region. While reviewing the

¹ Gupta, Anuj. *Immigration in Philadelphia: A Call to Action*. Metropolitan Philadelphia Policy Center: Oct. 2000.

² Brook, Daniel. "Missing the Boat." *Philadelphia Inquirer*. Aug. 21-27, 2003.

³ Ernst and Young. *Immigration and Its Effect on New York City Real Estate*.

⁴ Sum, Andrew. *The Changing Workforce: Immigrants and the New Economy in Massachusetts*. Massachusetts Institute for a New Commonwealth, 1999.

broad issues and trends, this report focuses on local immigrant entrepreneurship as a lens through which to focus this discussion. Foreign-born entrepreneurs are major investors in the City's at-risk commercial corridors. These foreign-born entrepreneurs purchase property, pay taxes, create jobs, and provide needed services in otherwise neglected areas of the City. Many of these businesses succeed in spite of unique challenges faced by immigrants including limited access to capital, cultural and language barriers, crime victimization, and discrimination.

Many cities have begun to improve opportunities for foreign-born entrepreneurs, as well as for all immigrants and small business owners, by creating resources, hiring interpreters and translators, making important documents available in foreign languages, and streamlining business processes. This report includes an assessment of Philadelphia's current efforts to assist immigrant residents and business owners to participate in local social, political, and economic life, and provides recommendations for continued progress.

PHILADELPHIA AT RISK

In its 2003 report, *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania*, the Brookings Institution documented the sobering trends of negative performance that characterize the State's economy. At particular risk are Pennsylvania's urban areas, including Philadelphia, which suffer most from current patterns of decentralized growth.

Three trends threaten Philadelphia's future:⁵

- The population of the City of Philadelphia is declining and regional population growth is slow. Additionally, Philadelphia faces an increasing lack of demographic diversity, with the loss of young and skilled workers presenting challenges to future growth.
- Philadelphia suffers from one of the most radical patterns of abandonment and decentralization in the U.S., with 98% of regional household growth occurring in outer townships.
- Regional economic growth is not keeping pace with the nation. Employment and household income falls short of national averages, while educational attainment lags behind other metropolitan areas.

Brookings' recommendations for the Philadelphia area include revitalizing the region's demographic mix, curbing patterns of sprawl, improving governmental coordination, strategically investing in older areas with existing infrastructure, and reducing barriers to investment.

Immigration has proven to be an apposite force in countering trends of urban decline such as those identified in Philadelphia. The Welcoming Center believes that immigration is an underdeveloped state and Philadelphia-area resource for offsetting these trends.

⁵ The Brookings Institution Center of Urban and Metropolitan Policy. "A Profile of the Philadelphia Area." *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania*. Dec. 2003.

IMMIGRATION AND URBAN REVITALIZATION

Studies demonstrate that immigrants strengthen urban economies and revitalize decaying neighborhoods.⁶ Immigration is credited with helping reverse the inner-city blight that threatened New York in the 1970s and for New York's continuous population growth. Immigration is also associated with contributions to the labor pool, consumer demand, international trade, and other economic generators the Philadelphia area sorely needs.

Although the correlation between immigration and urban revitalization is widely accepted, controversy ensues where policymakers and analysts position either component—immigration or revitalization—as causal. It's the chicken and egg question—does economic activity attract immigrants, or does a robust immigrant population ignite the economy?

There are answers on both sides, and the conundrum is perhaps too enmeshed to yield a definitive answer. What is known is that these interconnected processes cannot exist in isolation. Serious work to reinforce both sides of the equation is required to advance the kind of transformation Philadelphia needs.

This chapter reviews the links between immigration and urban revitalization in three areas: population growth, neighborhood revitalization, and economic development.

⁶ Hayduk, Ron. "Immigration, Race and Community Revitalization." The Aspen Institute.

IMMIGRATION AND POPULATION

GROWTH

Immigration is expected to account for 66% of U.S. population growth in the next fifty years. This trend bears special relevance for urban areas, especially older industrial cities such as Philadelphia, for two reasons. First, immigrants historically settle primarily in major metropolitan areas. Cities should be prepared to respond to this opportunity, as well as the challenges it presents. Second, many of the nation's urban centers are experiencing significant domestic out-migration patterns. Immigration has allowed some of these cities to retain—and in many cases to grow—their urban populations.

Immigration to Metropolitan Areas

The majority of immigrants settle in metropolitan areas, and five U.S. metropolitan areas attract one-third of the nation's immigrants: New York, Los Angeles, Miami, Chicago and Washington D.C. With the exception of Washington D.C.,⁷ these cities that received the bulk of U.S. entries experienced net population growth from 1990 to 1997.⁸ Cities in the Mid-Atlantic and Southern New England regions were highly dependent on foreign immigration for population growth in the 1990s.⁹

Philadelphia ranked a low 16th in the nation, just behind Detroit, as the intended metropolitan destination for foreign immigrants for the 1997-2001 period.¹⁰

Increasingly, immigrants to the U.S. are granted admission because they are immediate relatives of U.S. citizens. These immigrants tend to settle in the same city as their family. Immigrants

without family in the U.S. often seek to utilize social capital by settling in cities known to have ethnic enclaves they identify with. As a consequence, existing populations of immigrants virtually ensure a continued influx of new immigrants to urban areas.

While these trends point to the continued importance of urban areas for immigrants, recently-emerging patterns reveal that immigrants are increasingly drawn to the suburbs. In Philadelphia in the 1990s, more than twice the number of immigrants settled in the suburbs than in the city.¹¹ Cities seeking to remain vital and prevent decentralization must seek ways to continue to attract the traditional melting pot of foreign-born residents to their cores.

Immigration as a Counter to Domestic Out-Migration

Immigration has allowed many U.S. cities to experience continued population growth in spite of significant domestic out-migration.

The positive correlation between a city's overall population growth and its number of foreign-born is best illustrated by the examples of Philadelphia and Detroit. Of the ten major U.S. metropolitan areas,¹² Philadelphia and Detroit were the only two cities to lose population in the 1990s. Philadelphia and Detroit were also the only two of the top ten metropolitan areas with populations of less than 10% foreign-born.¹³

Philadelphia, Detroit and San Antonio were the only cities where 1990s entries accounted for less than 10% of the population. While many of the top ten U.S. cities experienced domestic out-migration, the larger influx of foreign-born newcomers provided for a net increase in population.

Cities including Los Angeles, New York, Chicago, Miami, San Diego, San Francisco and San Jose experienced negative net domestic out-migration

⁷ In spite of significant urban population loss, the D.C. metropolitan area is among the nation's fastest growing.

⁸ Gupta.

⁹ Sum, Andrew and Sheila Palma, Mykhaylo Trubb'sky, Ishwar Khatiwada. *Foreign Immigration and Its Contributions to Population and Labor Force Growth in Massachusetts and the U.S.: A Recent Assessment of 2000 Census and CPS Survey Findings*. Boston: Center for Labor Market Studies at Northeastern University, Dec. 2001.

¹⁰ Patusky, Christopher and Johnny Ceffalio. *Recent Trends in Immigration to Philadelphia, Pennsylvania: Who Came and Where do they Live?* University of Pennsylvania: Fels Institute of Government, April 2004.

¹¹ Brookings Institution Center on Urban and Metropolitan Policy. *Living Cities: The National Community Development Initiative: Philadelphia in Focus: A Profile from Census 2000*.

¹² In terms of population size

¹³ Patusky, Christopher and Johnny Ceffalio. *Recent Trends in Immigration to Philadelphia, Pennsylvania: Who Came and Where do they Live?* University of Pennsylvania: Fels Institute of Government, April 2004.

from 1990 – 1997, yet grew in total central city population. Without immigration, New York City would have lost nearly one million people, or one-seventh of its population, in the 1990s.¹⁴

The Philadelphia and Detroit examples refute arguments that foreign immigration drives domestic out-migration in urban areas. Rather, domestic out-migration appears to be the result of the problems suffered by most of the nation's central cities. Foreign immigration has proven to be among the best remedies for urban population loss.

¹⁴ Gupta.

IMMIGRATION AND NEIGHBORHOOD REVITALIZATION

In New York City and Boston, immigration is credited with bringing on indirect urban renewal. The foreign-born have played a major role in driving down vacancy rates and maintaining the housing stock.

In New York City, immigration helped counter the blight that threatened the city in the 1970s. The rebirth of several of the city's once-decaying neighborhoods is attributed to immigrant populations. New York neighborhoods revitalized by immigration include Flushing, now home to a thriving South Asian population; Brighton Beach, a center for Russian Jews; Jackson Heights, home to many Asians, as well as Central and South Americans; and Washington Heights, a major destination for new arrivals from the Caribbean.¹⁵ Immigrants occupy nearly half of recently turned-over housing units in the city, with this number measuring three-quarters or more in neighborhoods such as East Flatbush, Jackson Heights and Washington Heights-Inwood.

In 1980, Boston was in decline, having lost nearly 200,000 people since 1920. Real estate values were below the material costs of construction. Today, Boston is booming. The population has begun to rise and housing costs are escalating, indicating a strong demand for Boston as a place to live. Immigration has been credited with helping to bring the city back to life.¹⁶

Immigrants help revitalize neighborhoods by investing in homes and businesses. One of the biggest benefits immigrants deliver to American cities is increased housing values. The overall homeownership rate for immigrants is 50%. Although lower than the 75% rate of homeownership among native-born Americans, diversity is recognized as increasingly important in shaping domestic housing markets.

¹⁵ Kenney, Councilman James F. *A Plan to Attract New Philadelphians*. May 2001.

¹⁶ See Glaeser, Edward. "Mother of reinvention: How Boston's economy has bounced back from decline, time and again." See also Sum, Andrew. *The Changing Workforce: Immigrants and the New Economy in Massachusetts*. Massachusetts Institute for a New Commonwealth, 1999.

IMMIGRATION AND ECONOMIC DEVELOPMENT

The effect of immigration on economic development is typically measured by weighing immigrant use of social services, health care, schools, and similar public services against immigrant contributions to income taxes, sales taxes, and job creation. Also typically evaluated are the effects of immigrants on wages and housing values.

On the whole, the impact of immigration on urban economies, the comparative advantage of the U.S. economy, and the rate of inflation is generally agreed to be positive.¹⁷ Studies show that the effect of immigration on U.S. wages and labor is minimal overall, but effects may be located in specific markets. In growing economies, immigration increases labor market opportunities of low-skilled workers, but may decrease these opportunities slightly in declining or stagnant economies. For this reason, immigration may contribute to heightened inequalities between socio-economic groups in the latter scenario.

The impact of immigration on native-born African Americans is a critical issue in cities with large black populations such as Philadelphia. Some studies argue that immigrants increase the labor market opportunities of African Americans in strong economies, but reduce these opportunities where economies are weak. These studies indicate that immigration, while increasing the percentage of the overall labor force that is employed, reduces wages among less-skilled African Americans. Other studies indicate that immigrants, partly because of their high rates of self-employment, do not compete with African American laborers. Rather, immigrants may even create new job opportunities.¹⁸

Immigrant demand for goods and services contributes significantly to the American economy. Immigrants earned an estimated \$285 billion according to the 1990 Census. This represented 8% of all reported income and is in line with immigrants' share of the total

population (7.9%). While a portion of immigrant income may be repatriated to immigrants' native countries, foreign capital is also attracted back into the regions in which immigrants are concentrated.

Immigrants contribute generously to the labor pool. Immigration has been shown to be a major force in retention of industries that would otherwise move overseas. Since the mid-1980s, immigrants accounted for 82% of the growth in the Massachusetts labor force. One-third of Massachusetts' immigrants hold a Bachelor degree or higher, and immigrants account for nearly one-fourth of the state's manufacturing employees.¹⁹

Overall, immigrants pay more in taxes than they receive in public assistance. Foreign-born naturalized citizens contribute more in taxes compared to native-born Americans, paying an average of \$6,580 in annual taxes compared to \$5,070 for native-born families. Additionally, immigrants utilize public assistance at lower rates than native-born Americans. In 1990, only 2% of legal immigrants reported welfare income, as compared to 3.7% of native-born Americans.

Even where local studies demonstrate that the costs of immigrants exceed taxes paid, factoring in the future benefits of education of immigrant children—including higher earnings and resultant taxes—could offset this perceived loss in the long term. An analysis in New York City concluded that second generation working age Americans earned similar incomes and contributed as much in taxes as those with longer family histories in the U.S.

One very small subset of immigrants—refugees—tends to receive more in assistance than they pay in taxes. Refugees enter the U.S. from conditions of political and economic turmoil and are legally entitled to special federal assistance.²⁰

Immigrants grow their economic status over time, with the gap in income between immigrants and native-born Americans narrowing in proportion to the amount of time immigrants spend in the U.S.

¹⁷ Hayduk.

¹⁸ Hayduk.

¹⁹ Sum.

²⁰ Hayduk points out that the plight of many refugees is caused, directly or indirectly, by U.S. foreign policy.

Foreign-born students contribute heftily to the American economy. Foreign students spend up to \$13 billion annually in tuition and living expenses—75% of which is funded by overseas sources.²¹

While a growing number of immigrants are attaining middle class status, an alarming trend is that of increasing household poverty among the U.S. population at large, with especially high increases seen among immigrants. Poverty rates are highest among poorly-educated immigrants. Philadelphia is fortunate in attracting immigrants with a higher educational level than competing cities. However, cities that seek to benefit from the proven contributions of immigrants to revitalized economies must address the social service needs of its most at-risk groups.

²¹ Gupta.

IMMIGRANT ENTREPRENEURSHIP

Immigrants are more likely than native-born Americans to become entrepreneurs, a pattern that has played out in every decennial Census from 1880 to the present. Nearly 12% of immigrant men own their own businesses, compared to 10.4% percent of native-born men. More than 7% of immigrant women own their own businesses compared to 5.6% of native-born women. Also, the longer immigrants are in the U.S., the more likely they are to be self-employed.

The role of foreign-born entrepreneurs in the U.S. economy continues to grow. The U.S. Small Business Administration found that, between 1988 and 1998, the number of primary self-employed Asians increased by 56.6% and Hispanics by 30.1%.

The contributions of these enterprises are dramatic. In 1997, Asian-owned small businesses generated \$275 billion in revenue and employed 1,917,244 persons. Hispanic-owned businesses generated \$184 billion and employed 1,492,773 persons.²² In the same period, Asian and Hispanic firms generated payrolls in excess of \$75 billion.

Although the businesses immigrants start tend to be micro-enterprises (businesses that employ one to four persons), the value of these businesses is substantial. Micro-enterprises were responsible for the largest percentage increase in employment among businesses of all sizes.²³

Research shows that immigrant businesses often grow out of underserved markets. Immigrants are drawn to businesses with low start-up costs and low economies of scale. These enterprises often provide goods when demand is unstable or uncertain.

²² American Immigration Law Foundation. "Impact of Immigrant Entrepreneurs Dramatic."

²³ United States Small Business Administration, 1990-1995.

BUILDING OPPORTUNITY: BEST PRACTICES IN IMMIGRATION AND URBAN REVITALIZATION

This listing of best practices highlights innovations and achievements from around the nation for assisting immigrants to better assimilate into and help contribute to urban civic life. This list is by no means comprehensive, but does highlight some of the programs that serve as models for cities seeking to grow the opportunities afforded by immigration.

CITY OFFICES

Mayor's Office of New Bostonians

In 1998, the Mayor's Office of New Bostonians was established to serve Boston's newcomer and immigrant communities. Fully-funded by the City, the Office's objectives are:

- To strengthen the relationship between diverse cultural and linguistic communities and the City by improving the ability of these communities to access City services
- To assist the City to reach and serve diverse cultural and linguistic communities and create a model of a welcoming multicultural community
- To assist diverse cultural and linguistic communities in understanding how City government works and how to participate in it
- To promote leadership development and community building in diverse cultural and linguistic communities
- To strengthen the ability of diverse cultural and linguistic communities to participate fully in the economic life of Boston
- To target attention and resources to particularly vulnerable groups including women and children, youth and the elderly

To achieve these objectives, the Office of New Bostonians has launched several initiatives. The English for New Bostonians project seeks to build English competency in Boston by expanding the number of English as a Second Language (ESL) resources and improving access to these courses through development of a directory of language service providers. The New Bostonians Community Day is a popular annual event celebrating Boston's cultural communities. The Office sponsors Immigration Clinics at locations throughout the City. The New Bostonians Vote initiative educates and registers voters. The Office also conducts outreach to ethnic leadership and media.

Publications generated by the Office include a *City Hall Glossary* to help newcomers navigate City services, a *Demographic Report* identifying the City's diverse populations, a *Guide for New*

Bostonians that helps new foreign-born immigrants adjust to American life, and a *Community Resource Directory* that identifies area service providers.

The Office of New Bostonians is a model program in that the services it provides are comprehensive, strategic and practical. Its operations and publications have served as a guide to other immigration resource providers including The Welcoming Center.

Mayor's Office of Immigrant Affairs – New York

New York City's Mayor's Office of Immigrant Affairs promotes the full and active participation of immigrant New Yorkers in the civic, economic, and cultural life of the City by fostering communication and connection between City agencies and immigrant communities. The office is fully funded by the City.

The Office seeks to create access and build bridges by promoting utilization of City services by immigrant New Yorkers. It also serves as a key advisory and information resource on immigrant issues to the Mayor, City agencies, community-based organizations, and the general public by offering information about New York's immigrant communities.

The Office provides information and referral services related to employment, public benefits, public schools, and housing. These services are targeted to immigrant audiences, making them highly accessible to newcomers who may have difficulty navigating American city bureaucracies. In addition, the Office provides translated resources about City activities that affect immigrants.

SERVICES AND LEGISLATION

311 for Non-Emergency New York City Services

In New York City, the 311 hotline provides information about all City services. The hotline fulfills Mayor Bloomberg's goal of making government more accessible to all City residents. Immigrants are particularly well-served by 311's immediate access to language translation services. Confidentiality protections ease the worries of callers experiencing legal challenges, which immigrants often face.

Dialing 311 connects callers to non-emergency City information such as parking regulations, elderly care services, noise complaints, programs designed for small businesses, local garbage pick-up schedules, and much more. With information about all of these services available in 170 languages, New York's foreign-born can more meaningfully access City social, political, and economic life.

A live, supervised operator answers all calls to 311. All call-takers participate in a six-week training program covering customer service, technology and governmental information training. Service requests made via 311 are electronically transferred to relevant agencies for direct service.

New York City's Language Access Law

This law seeks to increase the access of individuals with limited English abilities to critical City services. It requires certain City departments to inform individuals of language services available and provides for oral and written translation services, including translation of key documents into Arabic, Chinese, Haitian Creole, Korean, Russian and Spanish.

New York City's Executive Order 41

Executive Order 41 ensures that immigrants and other New Yorkers can access City services while protecting their privacy in areas of confidentiality including immigration status. For

immigrants, this means crime witnesses and victims and persons seeking City services will not be asked about their immigration status.

New York City's Bill to Protect Immigrants Against Fraud

Mayor Bloomberg presented a bill to protect immigrants against fraudulent immigrant service providers. It requires responsible practice by immigrant consultants, recognizing that—while many immigration consultants provide legitimate and competent services—many others prey on immigrants by charging exorbitant fees and making false promises.

PUBLIC/PRIVATE PARTNERSHIPS AND NON-GOVERNMENTAL PROGRAMS

The Nashville New American Coalition

One of the three coalitions of the Building the New American Community effort sponsored by the National Conference of State Legislators, the Nashville New American Coalition promotes “two-way integration of foreign-born and native-born Nashville communities and institutions.” The Coalition offers primary leadership on integration processes. It is sponsored by the Greater Nashville Regional Community Foundation in partnership with a range of local immigration resource service providers.

The Coalition’s efforts include promoting citizenship and civic engagement, training immigrants in strategic communications and nonprofit management, and developing the area workforce through tactics including advocating for needed vocational classes. Notable projects include a Childcare Certification and Entrepreneurship program through which refugee women can become certified daycare providers, a New Tennesseans Video Project generating a series of educational video programs, and an annual conference series on Nashville’s international population that attracts more than 100 attendees.

The Coalition published an “Employer’s Guide to the International Workforce” and a brochure on hiring refugees and immigrants. It provides key information in a variety of languages through public access TV programming. The Coalition also created an interactive database with information on employment, the local workforce, health, and refugee/newcomer organizations.

Immigrant Community Assessment Research Project – Nashville, Tennessee

The Immigrant Community Assessment was requested by the Metropolitan Government of Nashville-Davidson County to better understand the needs’ of Nashville’s immigrant community, to analyze the adjustment of immigrants in the area, and to assess the availability and accessibility of local immigrant services. In an

historic collaboration, three Nashville-based universities (Meharry Medical College, Tennessee State University, and Vanderbilt University) worked together with local immigrants, social service providers and government agencies to conduct research.

The Assessment generated several recommendations within seven themes:

- Increase countywide familiarity with the cultural traditions and contributions of immigrants and refugees in Nashville
- Increase the availability and broaden the curricula of English-language instruction and instruction on daily life in the U.S.
- Encourage the development of community-based social service agencies in areas where immigrants and refugees tend to reside
- Increase the accessibility of employment, housing, and service providers to immigrants and refugees
- Streamline the credentialing of immigrants and refugees for employment in diverse sectors of the Nashville economy
- Develop public arenas for immigrants and refugees to express regularly their interests and needs
- Strengthen countywide capacity to monitor, plan, coordinate, and address the widest possible range of needs of immigrants and refugees

These recommendations, which emerged out of the many challenges identified through the Assessment, create a concrete platform by which Nashville can begin to build opportunity through its immigrant community. The Assessment, its recommendations, and the City government’s visionary support for new thinking on immigration serve as guides to other cities seeking to empower their diverse constituents.

The One Lowell Coalition – Lowell, Massachusetts

The One Lowell Coalition seeks “to create a city of diverse communities who respect one another, share their strengths, and participate fully in civic life without having to abandon their roots in other cultures.” Also part of the Building the

New American Community effort, One Lowell helps to support economic self-sufficiency, civic responsibility, leadership and literacy among area newcomers.

Project Interwoven Tapestry – Portland, Oregon

Project Interwoven Tapestry, a Building the New American Community coalition, is led by Portland’s Immigrant and Refugee Community Organization (IRCO) and the Metropolitan Human Rights Center of the City of Portland and Multnomah County. Interwoven Tapestry expands opportunities for refugees and immigrants to more fully participate in Portland’s social, cultural, educational and economic life.

Interwoven Tapestry is conducting a demonstration project to identify what has helped existing refugee and immigrant communities to successfully integrate into the Portland area, while also enhancing and creating resources and developing leadership to promote improved integration. Other efforts include development of indicators, comprehensive planning, civic participation promotion, and mentoring.

The Hotel Employees and Restaurant Employees International Union – Las Vegas, Nevada

While not specifically targeted to the foreign-born, the Hotel Employees and Restaurant Employees (HERE) International Union is credited with helping Las Vegas area workers—including many immigrants—cross into the middle class through its programs to assist restaurant and hotel workers to earn a living wage and train for advancement opportunities.

HERE’s Las Vegas Local offers traditional union provisions including wage and benefit guarantees. The program is innovative in that it also emphasizes advancement through job training and language skill development. For example, HERE members can progress from dishwasher to restaurant server to manager through programs offered at Culinary Local 226, popularly known as the “Culinary.” Language

classes serve the Local’s large body of foreign-born workers.

Many Latinos, especially Mexicans, are drawn to Las Vegas for work opportunities and a lower cost of living compared to California. The area also draws Asian and Eastern European immigrants. English is not the primary language for over 50% of Las Vegas’ union employees and 65% of the Culinary are non-white.

Recognizing that it serves a “rainbow coalition,” HERE sought to identify and bridge the gaps in occupational and English skills that limit the availability of skilled hospitality workers in the area.

Earlier this year, HERE received a \$1.9 million grant through the Department of Labor to expand its language skill development efforts, particularly through the Hispanic Worker Initiative.

Whether through a union, culinary institute, community college, or workforce development program, a hospitality-oriented immigrant work and language training initiative makes sense due to the large number of immigrants working in this field. Such organizations can help ensure quality hospitality service in a region while providing workers with new opportunities.

PHILADELPHIA AND IMMIGRATION

PHILADELPHIA'S FOREIGN-BORN

One out of every 11 Philadelphia residents is an immigrant, accounting for 9% of the population.²⁴

Of the foreign-born in Philadelphia, the largest share—39%—come from Asia, including 8% from Vietnam (the largest source country for Philadelphia's immigrants), 6% each from China and India, 4% from Korea, and 3% from Cambodia.

Thirty percent of Philadelphia's immigrants come from Europe. A large share of Philadelphia's European immigrants arrived in the 1990s following the fall of the Iron Curtain. Six percent are from the Ukraine, 4% from Russia, and 4% from Italy.

Fourteen percent of Philadelphia's foreign-born are from the Caribbean, including 5% from Jamaica and 3% from the Dominican Republic.

Seven percent of Philadelphia's immigrants are from Africa, 5% from South America, and 4% from Mexico and Central America.

While foreign-born persons live throughout the City, there are five areas where immigrants have settled most densely in the City of Philadelphia.²⁵ These five areas contain 31% of Philadelphia's immigrant population and portray a rich mix—geographically, racially and economically. The five areas are south Center City, South Philly, Elmwood, Olney/Oxford Circle, and the Far Northeast.

More than twice as many recent immigrants to the Philadelphia area settled in the suburbs as in Center City.

²⁴ *Philadelphia in Focus*.

²⁵ Patusky.

PHILADELPHIA IN THE U.S.

IMMIGRATION PICTURE

With 9% of its residents born abroad, Philadelphia ranks a low 55th among major cities in terms of immigrant population size. Philadelphia typically attracts just 1.3-1.4% of the foreign-born who come to America annually.

Many major cities are home to immigrant populations measuring more than one-fourth of the total population. Los Angeles has the largest percentage of foreign-born in the U.S. at 41%. San Jose and San Francisco are home to 37% foreign-born. In the Northeast, the foreign-born population is 36% in New York and 26% in Boston.

During the 1970s and 1980s, Philadelphia suffered a net loss of foreign-born, while Chicago, New York and Boston attracted increased numbers of immigrants. The influx of newcomers is credited with contributing to the revitalization of these cities.

IMMIGRATION: LOCAL PUBLIC POLICY AND SUPPORT

The City of Philadelphia is working to facilitate the role that immigrants can play in turning around Philadelphia's economy. Two innovative new programs are targeted toward increasing the City's ability to serve all of its constituents. In 2003, the Managing Director's Office launched Global Philadelphia to increase language access to City information and services. Major objectives under Global Philadelphia include translation of vital documents and deployment of interpreters. Toward the goal of providing meaningful access to City services for all Philadelphians, there are also plans to hire Ombudsmen, or liaison officers working between City departments and Philadelphia's multicultural communities. Relatedly, the City is also seeking bilingual police dispatchers to assist with police response to non-English speaking callers and recently hired its first Spanish-speaking Health Department inspector.

To sustain public policy discussion of immigration and serve the area's immigrant community, The Welcoming Center for New Pennsylvanians was formed in 2003. The Welcoming Center is an independent nonprofit organization committed to promoting the importance of immigration to the future of Philadelphia, making Philadelphia more attractive to immigrants, and helping immigrants participate fully in the economic, political and social life of Philadelphia. The Welcoming Center also provides services to immigrants, including referrals to jobs, language assistance, and legal advice. The Welcoming Center is modeled on the Mayor's Office of New Bostonians and other best practice organizations serving metropolitan-area immigrants.

This year, the Greater Philadelphia Global Partnership, known as GP2, recognized immigration as an important component of growing and globalizing Philadelphia's economy. GP2, a forum of Philadelphia's most active business and international organization, was organized to plan for the region's success in the global marketplace. The effort seeks to facilitate international trade and foreign investment, encourage travel and tourism, attract and retain talented students and skilled professionals, and

promote cultural and economic linkages with global partners.

A host of organizations—largely nonprofit—have long supported immigrants in the Philadelphia region through public policy advocacy, provision of social services, legal assistance, and other services. In 2004, The Welcoming Center partnered with the City of Philadelphia to produce a Resource Guide identifying area resources. Intended for use by all Philadelphians but targeted to newcomers, the Guide brings together—for the first time—a comprehensive listing of all City services. Also compiled are many of the City's social service providers, indexed by language and location.

LOCAL OUTREACH TO FOREIGN-BORN ENTREPRENEURS

Few efforts to assist immigrant entrée into Philadelphia's economy are organized on a city-wide level, although targeted groups are achieving significant progress within their communities.

Of City resources, those organized to address business start-up and provide service to immigrants and minorities include the Mayor's Business Action Team (MBAT) and the Minority Business Enterprise Council.

MBAT is the City of Philadelphia's comprehensive business assistance resource, providing business-related information such as start-up requirements, licensing and permitting processes, and financing options. MBAT recognizes that their outreach to the immigrant community is limited primarily to groups that proactively seek relationships with the agency. MBAT is not staffed to serve any foreign language groups. MBAT Executive Director Vincent Dougherty hopes the Global Philadelphia initiative will provide his organization with the resources to build relationships with area ethnic communities.

The Minority Business Enterprise Council is the official City agency charged with promoting minority business activity. The Council was recently accused of mismanagement and ineffective operations by the City Controller's Office. An examination of the Council's website did not identify any assistance or programming targeted toward newcomers, nor is any information offered in foreign languages.

A number of public and private small business support centers are available throughout the City, but many of these are not accessible to immigrant start-ups due to language barriers and requirements that entrepreneurs provide formal business plans for eligibility to gain further assistance. For cultural and practical reasons, the preparation of a business plan is a serious obstacle for newcomers. Nonprofit organizations including the Empowerment Group, the Enterprise Center, the Philadelphia Development Partnership, the Women's Opportunities Resource Center, and the

Women's Business Development Center offer low-cost business plan writing workshops and entrepreneurial assistance that are fairly accessible. However, foreign-language courses or courses targeting immigrant start-up needs would begin to more fully bridge this gap in the City's entrepreneurship assistance offerings.

Another effort aimed at empowering multiethnic entrepreneurs is the Forging Alliances forum. Forging Alliances is a city-wide multicultural business forum organized by the Center City Proprietors Association that seeks to build relationships between business owners and the City. The first Forging Alliances forum was held in 2002 and was organized as a roundtable discussion. The second event was held in May 2004 and organized as a panel discussion around the theme of "Getting Business Done in Philadelphia."

Among the best-utilized and most active resources available to area foreign-born entrepreneurs are local ethnic business organizations. While there are several such organizations operating in the Philadelphia area, highlighted here are two outstanding examples.

The Dominican Grocers Association was organized in 1998 to respond to crime against Dominican bodega operators in Philadelphia. After building improved relations with the Police Department, the Association expanded its mission to serve the wider needs of area entrepreneurs. The Association spearheaded an effort to improve their constituents' relationships with the Health Department and Licenses and Inspections. These efforts led to the hiring of a Spanish-speaking Health Department inspector. The Association holds regular workshops to educate bodega operators on various aspects of operations, including compliance with the law and improving community relations. While originally organized to assist Dominican bodega owners, today the Association serves business operators from diverse ethnic backgrounds and advises small business owners operating a range of enterprises.

The Korean Community Development Services Center provides an array of services to minority Philadelphians, including child and elder care, housing counseling, legal assistance, job training, and ESL education. The organization is

also a leading source of advice to area Korean business owners. In an effort to combat crimes against store owners, the Korean Community Development Services Center participated in community outreach efforts to improve relationships between Korean merchants and the residents of the neighborhoods they serve.

These organizations are highly effective in meeting the needs of their constituents. However, both grew out of immigrant groups that had been living in Philadelphia for many years. Ethnic groups that are newer to the area are less likely to have such support structures. Additionally, newer immigrant groups tend to be fragmented geographically, by ethnic lines, and by entrepreneurial focus. In many cases, these organizations lack resources. However, when available, these ethnic business organizations are often a preferred resource for foreign-born entrepreneurs due to common language and cultures.

PHILADELPHIA'S FOREIGN-BORN ENTREPRENEURS: A SNAPSHOT FROM THREE COMMERCIAL CORRIDORS

To focus this investigation on the role of immigration in revitalizing Philadelphia, this report utilizes the lens of Philadelphia's commercial corridors. Three commercial corridors were selected for study.²⁶ An analysis of the level, quality and impact of business activity conducted by foreign-born entrepreneurs along these corridors was conducted through reconnaissance and interviews with foreign-born entrepreneurs and the organizations that serve them.

²⁶ The corridors were chosen because they exhibit a range of geographic locations, ethnic backgrounds, lengths of time that neighborhood immigrant groups had been in Philadelphia, and levels of prosperity.

PHILADELPHIA'S COMMERCIAL CORRIDORS

groups advocate for business and neighborhood development in Philadelphia's retail centers.

By commercial corridors, this report refers to concentrations of retail stores that serve a common trade area. Commercial corridors tend to be located along a single street. This definition is adopted from the Philadelphia City Planning Commission's (PCPC) definition of a retail center. In 1996, the PCPC identified 258 retail centers containing 17,388 retail units and occupying 37,000,000 square feet of gross leasable area in Philadelphia.

The Pennsylvania Economy League identifies successful commercial corridors through these indicators:

- Demonstrate presence of successful businesses
- Provide neighborhood residents with convenient sources of goods and services at reasonable prices
- Sometimes provide goods and services to visitors from outside the neighborhood
- Create a culture of opportunity and success
- Enhance the overall attractiveness of the neighborhood
- Help create a sense of community

It is clear from these indicators how vital successful commercial corridors are to neighborhood health. By consequence, the combined effects of multiple successful commercial corridors underlie strong cities. Strengthening urban commercial corridors is an important strategy for urban revitalization.

A number of Philadelphia groups administer programs to nurture successful commercial corridors. City-wide efforts include the Philadelphia Commercial Development Corporation's (PCDC) Commercial Corridors program, which markets and assists businesses in targeted neighborhood commercial areas (38 corridors are listed on the PCDC website), and the Local Initiatives Support Corporation's (LISC) Commercial Corridor Redevelopment Initiative, which plans to invest more than \$1.5 million across eight Philadelphia commercial corridors to generate stable economic growth. In addition to these city-wide efforts, many corridor-specific

STUDY AREAS

The selected commercial corridor study areas are:

Moore and Morris Streets from Broad Street to 16th Street

This South Philadelphia study area is located in Point Breeze, one of Philadelphia's 34 Neighborhood Transformation Initiative locations. This study area is not a commercial corridor in the sense of businesses concentrated along a single street. Rather, Moore and Morris Streets serve a common trade community composed of the neighborhood's Southeast Asian immigrants.

The neighborhood is the heart of Philadelphia's Indonesian community, many of whom fled violence and rioting in the wake of Indonesia's late-1990s financial and political crisis. Other Southeast Asian immigrants including Vietnamese and Thai, as well as many African Americans, make their home here.²⁷

Due in part to the relatively recent immigration status of South Philadelphia's Indonesian community, this area is less-thickly populated with retail establishments than many of Philadelphia's retail centers. Additionally, zoning regulations limit the number of commercial establishments permitted in this primarily residential neighborhood. However, those immigrant-owned businesses that are open are lively with customer activity.

Businesses in the area include restaurants, deli/groceries, and hair salons. There are no merchants of dry goods, such as clothing or hardware, in the study area. Although it is difficult to determine how many businesses are open for operation due to a number of businesses that had signage and storefronts but did not appear to be open, immigrants appear to operate roughly 70% of the approximately one dozen businesses operating in this area.

²⁷ Note: The recent nature of immigration in this area, as well as the low participation rates of immigrants in the Census, makes Census data for this neighborhood less reliable.

Based on reconnaissance visits and interviews, it is clear that immigrants are contributing to the revitalization of this area. The businesses contribute to an active street life, with elderly, children and young adults mixing in a neighborly fashion as they come and go from the shops. This level of activity is not apparent in the neighborhoods to the immediate north, south and west of the study area, where fewer immigrants reside. In addition to starting businesses, the area ethnic community has made a highly-visible investment in the neighborhood's housing stock, with many buildings recently renovated with attractive landscaping and facades.

Baltimore Avenue from 45th Street to 50th Street

The West Philadelphia study area is in University City, just southwest of the University of Pennsylvania campus. The Baltimore Avenue commercial corridor has been the subject of significant focus: both the University City District (UCD) (in partnership with LISC) and PCDC operate Commercial Corridor programs on sections of Baltimore Avenue. The Pennsylvania Economy League with Econsult Corporation has also studied the corridor.

The area is a "hot" real estate market, with housing values surging on many of the surrounding streets. This is a major shift from patterns of blight that threatened the neighborhood in the 1990s.

The area is home to many African immigrants. While some of Baltimore Avenue's African immigrants have been in the neighborhood for over a decade, others are relatively new arrivals. The area is also home to many African Americans as well as many students, alumni and professionals associated with the University of Pennsylvania. Additionally, Asian immigrants operate several businesses on Baltimore Avenue.

Businesses on Baltimore Avenue range widely, although restaurants, deli/groceries, and cafes/bars dominate the corridor, along with hair and nail salons. A few specialty stores including a bakery and a water-ice store add character to the retail mix.

According to Eli Massar, Manager of UCD's Baltimore Avenue Commercial Corridor program, 39 of the 56 businesses (70%) in this study area are immigrant owned.

UCD operates "clean and safe" services including street cleaning on Baltimore Avenue at no cost to the merchants. UCD also provides assistance for façade improvements.

Massar of UCD noted that, several years ago, community groups in the Baltimore Avenue area conducted a survey to assess what area residents wanted to see along the corridor. Although residents of the area represent highly diverse demographics, there was unanimous agreement in support of improved cleanliness and safety and the need to recruit and support business along the corridor. A need to increase the availability of fairly-priced daily goods such as groceries was also recognized.

Together with UCD's efforts, immigrant-owned businesses are contributing to this vision of Baltimore Avenue. Recent business renovations and openings, many from immigrant-owned establishments, demonstrate a commitment to developing a rich street life in the area. New sidewalk tables and attractive awnings and facades testify to the important role these businesses play in making the neighborhood vital. Additionally, the retail venues provide goods and services to a neighborhood that would otherwise have scarce options.

While many Philadelphians assume that the University of Pennsylvania or other major area developers are investing in the neighborhood and consequently leading to revitalization, this is simply not true in this section of Baltimore Avenue. While the University of Pennsylvania does help attract residents and customers to the area, those making business investments in the area are micro-enterprises or "mom and pop" stores, established by minority entrepreneurs including immigrants and other small business pioneers.

North 5th Street between West Summerville Avenue and West Chew Avenue

The North Philadelphia study area is in Olney, one of Philadelphia's 34 Neighborhood

Transformation Initiative locations. North 5th Street is a well-known commercial corridor with popular shopping destinations located along the corridor throughout North Philadelphia. The area is home to a diverse population, including immigrants from the Caribbean, Central and South America, and Asia.

The study area section of North 5th Street was once occupied by chain stores. Today, the only investment in the area (with the exception of one chain drugstore) is from micro-enterprises. The North Philadelphia study area demonstrated the broadest range of business types. As in West and South Philadelphia, a number of deli/groceries, restaurants, and nail and hair salons contributed to the mix. Also present were a range of dry goods stores, including dollar stores, clothing merchants, and hardware shops. A few specialty stores operate along the corridor, including a travel agent, a vitamin shop, and a seafood store.

Although no vacant or abandoned storefronts were noted, a few "Going Out of Business" signs were observed. Interviews with business operators revealed a picture of struggle. Business is slow in the neighborhood and many area entrepreneurs are considering closing their stores. On the other hand, foot traffic along the corridor is steady, some stores appear to be doing brisk business, and at least two locations were observed to be undergoing improvements.

Of the three corridors considered for this study, this corridor was the most transitional, and consequently appeared to be the most at-risk. All of the business operators interviewed had been in the area for a relatively short period and, with one exception, were considering leaving in the near future due to poor business.

Roughly 60% of the businesses in this study area appear to be owned or operated by immigrants.

FINDINGS FROM INTERVIEWS WITH FOREIGN-BORN ENTREPRENEURS

Foreign-born entrepreneurs along these corridors were interviewed both on a drop-in basis and through introductions made through Welcoming Center contacts.²⁸ A total of twelve entrepreneurs were interviewed, four from each corridor. The entrepreneurs were asked about their ethnic background, migration history, employees, property, community relations, and business operations. The interviews were conducted to provide insight into why foreign-born entrepreneurs are selecting Philadelphia as a location for investment, how they are contributing to the local economy, and what challenges they face.

Due to the nature of Philadelphia commercial corridors, the majority of foreign-born entrepreneurs interviewed for this report operated “mom-and-pop”-type retail establishments. While foreign-born entrepreneurs commonly operate these types of establishments due to the low cost of start up, it should be remembered that foreign-born entrepreneurs in the U.S. own a wide range of businesses from small, home-based services to multimillion dollar corporations.

The interviews with individual entrepreneurs were supplemented by interviews with local immigrant business leadership to provide a broad perspective on issues Philadelphia immigrants and immigrant business operators face. Additionally, community development corporations operating in or around the commercial corridor study areas provided information about the number and nature of immigrant-owned businesses along the corridors and identified trends and issues characterizing each corridor.²⁹

Property

Five of the entrepreneurs—or nearly half of those interviewed—started their businesses out of

abandoned or vacant properties. Most of these vacant properties were in serious states of disrepair. One Indonesian café proprietor explained how the building he now occupies last housed a bread factory, which had burned down several decades ago leaving only the shell of the first floor. This property owner restored the two-story structure to mint condition.

One-third of the entrepreneurs started their business out of existing, but neglected, properties. All of these business owners invested in improving these properties. Two business owners discussed how they had installed expensive kitchen facilities as part of improvements. In all cases, improvements were part of a slow, gradual process that occurred as the businesses grew.

Three of the businesses interviewed occupy properties that were previously in fair or well-kept conditions.

Half of all the business operators interviewed own their properties. All of these property owners live in the same neighborhood as their stores, with four of the six living directly upstairs from the business. This simultaneous investment in the social and economic fabric of these communities is integral to sustainable urban revitalization.

No clear trend emerged among those foreign-born entrepreneurs who elected to purchase their business rather than rent. Both groups have lived in the U.S. for similar lengths of time, with the renters averaging 20.5 years in the U.S., compared to the owners’ 14 years in the U.S.

Seven business operators had improved their property in the last year and intended to improve their property again in the coming year. Most attributed these improvements to good business. Of the businesses not planning improvements, several were considering moving to more desirable locations due to poor business. This was especially true in North Philadelphia. Others did not have access to sufficient capital to consider improvements.

²⁸ Interviewees were informed that The Welcoming Center was seeking their input for a report on the challenges and contributions of Philadelphia immigrant entrepreneurs. An interpreter provided assistance for interviews conducted in South Philadelphia.

Financing

None of the entrepreneurs utilized bank loans to begin or operate their businesses. While many of the business operators sought bank loans, none were successful in gaining such loans. Consequently, these entrepreneurs relied on friends and family to supplement their savings and permit investment. Today, one business that was denied a bank loan boasts gross annual sales of between \$500,000 and \$750,000. Another business that was declined a bank loan reported gross sales of nearly \$250,000 after just three years in business.

Many of the immigrant business operators interviewed utilize informal lending systems. One business owner participated in a group where members met monthly and contributed \$1,000 each to a pot. A single member then receives the pot on a rotating basis. In a more predatory example, one entrepreneur was denied a bank loan and thus opted to borrow from a neighborhood real estate developer at very high rates.

Why Philadelphia?

The presence of family, friends and persons of a similar ethnic background attracted most of the entrepreneurs to Philadelphia. Many also noted that Philadelphia is attractive because it is affordable to purchase homes and begin businesses. Other reasons cited for moving to Philadelphia included job opportunities and a comfortable lifestyle.

Seven of the entrepreneurs interviewed moved directly to Philadelphia upon entering the U.S. This group included persons from Africa, the Caribbean, and Asia. Five business operators had lived elsewhere in the U.S. before settling in Philadelphia. Four of these five were Asian. Four of the five had lived previously in New York City before moving to Philadelphia; most of these cited Philadelphia's affordability for both homeownership and entrepreneurship as a major reason for making the move. One business operator moved to Philadelphia from Baltimore after hearing that business was better here.

Business Operations

Half the foreign-born entrepreneurs indicated that they opened their business to serve the needs of their ethnic community. "The thing you have to consider in everything is ethnicity," one entrepreneur noted. This entrepreneur leveraged personal observations about the needs of the area ethnic community (observed from living in the neighborhood) to formulate a business strategy.

Most of the businesses hired two to three employees, with a mix of full- and part-time staffing. All the businesses interviewed indicated that they hired employees through family and friends, a typical pattern for small businesses.

Five of the business operators interviewed indicated that they or their immediate family owned another business in Philadelphia.

BARRIERS TO IMMIGRANT PARTICIPATION IN THE LOCAL ECONOMY

Barriers to immigrant participation in the local economy were identified through interviews with foreign-born entrepreneurs in the three study area commercial corridors, interviews with leadership from Philadelphia immigrant business organizations, and interviews with area community development organizations.

The foreign-born entrepreneurs cited three major challenges to their business operations: financing, security, and the difficulties of navigating City Hall. Other challenges noted included language barriers, a lack of good commercial properties, and poor political representation.

Philadelphia's immigrant business organizations recognize these challenges, as well as that of poor local small business training and information. These organizations provide outreach to their constituents to supplement small business know-how.

Immigrant business organizations and community groups also recognize that a major challenge for Philadelphia foreign-born entrepreneurs is community relations. Tension between community residents and newcomers can derive from cultural misunderstandings and racial or socio-economic prejudices.

Finally, in the process of generating this report, it became apparent that a major barrier for both Philadelphia's immigrants and entrepreneurs is the lack of data collected and available about their contributions. These numbers could help generate support for needed programs and create more meaningful policy discussions.

INADEQUATE FINANCIAL RESOURCES

Five of the entrepreneurs interviewed identified finances as their greatest business challenge. The entrepreneurs faced diverse financial challenges, including an inability to access bank loans and slow business.

None of the entrepreneurs interviewed were able to procure bank loans, including one business owner with current gross revenue of over half a million dollars annually. In addition to loans for property investment, many entrepreneurs discussed their desire for financing for equipment and business expansion.

Although a few of the entrepreneurs had heard of government and nonprofit financial assistance including grants and the Empowerment Zone, many were skeptical about these programs working for them. This attitude was due to language barriers, misunderstandings, or simply a lack of awareness. Only one entrepreneur interviewed had successfully gained grant money to finance his business.

Philadelphia banks and funding resources should be educated to take a first or second look at the potential of foreign-born entrepreneurs to succeed. Also useful would be training programs that enable newcomers to efficiently fulfill loan application procedures.

SECURITY CONCERNS

One third of the respondents indicated that security was their greatest business challenge. Security concerns included aggressive customers, crime outside the store at night, theft and burglary.

Coupled with these concerns, many immigrants are distrustful of the police system because of corrupt law enforcement in their home countries. Immigrants are sometimes the targets of crime because they often operate within a cash-based economy. Language barriers hamper the use of emergency call hotlines such as 911 and interactions with police in general.

The business operators' concerns over safety echoes the challenges several Philadelphia immigrant business organizations confront. Two leading immigrant business organizations, the Dominican Grocers Association and the Korean Community Development Services Center, were formed to improve the safety of store owners after a rash of killings. These organizations facilitate workshops to improve communications between the foreign-born entrepreneurs and the police department and educate their constituents about safety practices.

CHALLENGES OF NAVIGATING CITY OF PHILADELPHIA SMALL BUSINESS PROCESSES

Another challenge cited by half of the entrepreneurs was the difficulty of navigating City of Philadelphia small business processes.

The entrepreneurs noted problems and frustrations working with City departments including Licenses and Inspections, the Health Department, Zoning, and the Small Business Support Center. These challenges included language barriers, poor customer service, a misunderstanding of the zoning process, a sense that fees and fines were too costly, and the feeling that compliance was overly burdensome.

Broadly, the challenges of navigating the City of Philadelphia's small business process boil down to a lack of a customer service orientation. The "gatekeepers" of City business activities, or those charged to regulate, provide guidance, and otherwise develop Philadelphia business, often seem to act to thwart investment by failing to provide information accurately or efficiently.

This lack of a customer service orientation is expressed in a number of ways: poorly-informed call-takers and inspectors, out-of-date documentation, long lines at service centers, over-complicated regulatory frameworks overdue for streamlining and modernization, and antiquated technology. Foreign-born and native business operators alike experience the effects.

One of the most common problems encountered during research for this report was being misdirected or "brushed off" when requesting information by phone. Inquiries about small business requirements were often met with half-answers, wrong answers, or contradictory answers.

While providing critical services, these organizations operate with an "inward-looking" focus. Although committed to meeting organizational requirements such as enforcement, these organizations neglect the parallel obligation to provide support to City residents.

The "inward-looking" nature of some City departments is reflected in the challenges Philadelphians face while attempting to start businesses. Some anecdotes collected during research for this report begin to tell the story:

- A native-born partner in a prestigious architectural firm waits in line in person at Licenses and Inspections to handle building review matters because he feels it is the only chance at getting the work done right. Another experienced area architect does the same, stating, "It (the Licenses and Inspections process) is so damn antiquated and confounding that the only way I can make sure it gets done is for me to do it myself. I can't teach somebody else how to do it."
- One entrepreneur interviewed in research for this report worked with PCDC's Small Business Support Center for several weeks while attempting to prepare a business plan for a planned expansion and shift in business type. He returned one day to find that the customer service agent he had been working with was no longer with the office, that his file was "lost," and that he would have to begin the process again from the beginning. This set-back snagged the financing he had arranged and he is now seriously considering closing his business due to resultant financial difficulties.
- A bodega owner was issued a violation for failure to possess a necessary license. She promptly obtained the license and paid her fine. The City was unable to issue her a proof of licensure, but promised to send one in the mail and provided her with a receipt. When inspectors returned to her business to follow up on the violation, they would not accept the receipt as proof of compliance—even when she explained that there was no way she could have obtained the license and that it was in the mail. The inspectors issued her a court order.
- At the Licenses and Inspections counters in the Municipal Services

Building, information desks are inadequately labeled so that the inexperienced consumer or new Philadelphian cannot determine which line to wait in. When the author of this report requested some basic information, I was first told that it was not available. After persisting and waiting in two different lines, I received only some of the requested information. I was told one of the documents was out of date and inaccurate. Another document was a photocopy of such poor quality it was illegible.

Poor customer service is a serious barrier to business development—not to mention citizen participation—in Philadelphia. City Hall customer service is the link through which citizens connect to government. Poor customer service prevents meaningful access to government. Poor customer service communicates to entrepreneurs and businesses that Philadelphia is not a good place to do business.

Not only are businesses effectively turned away when they encounter deficient City service, these businesses also lose time and money they would otherwise invest into the City.

In many cases, service shortcomings are due to a lack of resources and City-wide constraints such as budget crunches and outdated technology. Any efforts to improve the accessibility and effectiveness of City government should grow out of an orientation toward customer service.

The Department of Health's Office of Food Protection regulations are notoriously difficult to navigate. In the interviews, all of the business operators that deal with food products remarked on the Kafkaesque nature of Health Department regulations and enforcement.

One business owner said that regulations seem to cover an inexhaustible and ever-growing number of details and compliance is a never-ending challenge. Notably, this business operator was highly successful at navigating the system and was not speaking bitterly due to violations or fines. This business owner's success at navigating the system came from over

20 years of experience conducting business in Philadelphia as well as good English-language skills. Another business operator remarked that, when Health Department violations are issued, it is unclear where to go or who to contact to resolve the situation.

Food Protection's recent efforts to improve customer service by placing many important documents online deserve commendation. The available documentation is highly informative (for those proficient in English). While providing guidance through the codes that govern establishments that sell or prepare food, these documents also begin to provide a picture of the tremendous complexity of these regulations. Governing everything from the ceiling down to the floor, the codes are daunting to read through—much less comply with. Unquestionably, these regulations serve the vital purpose of helping protect consumers from airborne disease and other food contamination illnesses. However, the codes should be reviewed regularly for opportunities to streamline or otherwise facilitate the rigors of compliance.

Another area for improvement in the Health Department is customer interface. In interviews with area business operators, many expressed the opinion that Health Department inspectors issue conflicting violations or instructions and are unable to adequately answer their questions about infractions or compliance. Inspectors should also be trained to answer questions or provide referrals. Food Protection should also consider improving the services it provides by phone. Due to the complex nature of Food Protection regulations, trained call-takers should be readily available by phone during business hours to assist with compliance. Currently, callers to Food Protection are asked to leave voice-mails with their inquiries and await return calls. As the saying goes, "time is money." This level of service is inadequate, especially for small businesses facing possible court dates and other significant remedies if they are unable to gain compliance. Also, small business owners cannot always "wait by the phone," particularly in micro-enterprise scenarios where just one or two persons conduct all business activity.

Building compliance processes are also infamously difficult to navigate in Philadelphia.

During research for this report, a number of entrepreneurs related stories about being told by Building Compliance staff that they required expensive architect-produced building plans, only to find that these were not necessary once the money had been spent. Opportunities to prevent the dissemination of misinformation and for clear and helpful customer service should be examined.

The challenges of navigating City Hall have been recognized by Philadelphia area immigrant business organizations. The Dominican Grocers Association has been most active on this front. The Association spearheaded an initiative to improve communications between bodega operators and the Health Department and was instrumental in the hiring of a Spanish-speaking Health Department inspector.

New York's training for 311 hotline call-takers provides guidance to Philadelphia for improving City customer service. All 311 hotline call-takers are required to participate in a six week training course covering customer service, technology and governmental information training. This three-pronged approach ensures that call-takers will interact with callers in a courteous and helpful manner, be able to answer basic questions, and refer callers to appropriate sources for additional information.

For most basic licensing procedures, Philadelphia should move to a "One-Stop" approach such as that utilized in Utah. Utah's One-Stop program allows for complete business registration through one simple online procedure, or, if in-person service is preferred, through a single office. Moving to a web-based system and providing forms online would help Philadelphia serve its constituents more efficiently. Streamlining the licensure and registration process and creating information resources that are available 24 hours a day will signal Philadelphia's welcoming climate for businesses.

LANGUAGE BARRIERS

When asked about the kinds of assistance they would most appreciate or benefit from, many foreign-born entrepreneurs noted that improved language services would be highly useful.

Language barriers create significant challenges for immigrants seeking to work or start their own businesses. According to interviewed entrepreneurs and immigrant business organizations, many immigrants choose to start deli/groceries and restaurants because it is one of few opportunities to earn a good income for persons with limited English skills. They look upon entrepreneurship as an opportunity to succeed in a system where they would otherwise fall through the cracks.

It can be extremely difficult—particularly for the foreign-born—to navigate the City’s ESL offerings. To be more effective, these services should be offered in or outreach to neighborhoods with large foreign-born populations.

Additionally, City government offers little in the way of translation and interpretation. Until recently, few City offices were committed to hiring bilingual personal and few documents are translated. Promising new efforts such as the Managing Director’s Office’s Global Philadelphia initiative will begin to bridge this gap. Philadelphia should look to New York’s model 311 program, where information about City services is provided in 170 languages, for guidance as it seeks to move toward broader access to City resources.

COMMUNITY RELATIONS ISSUES

Foreign-born entrepreneurs face a variety of community relations challenges. As newcomers, immigrants are often misunderstood or not accepted by neighborhood residents.

Historically, the relationship between immigrants and African Americans has been tense. In Philadelphia, this dynamic has played out in several communities. In Point Breeze, violent crimes contributed to tension between neighborhood residents, largely African American, and Korean shop owners. The Point Breeze Federation and the Korean Community Development Services Center organized a dinner to improve relations between these groups.

Immigrant-operated businesses are sometimes resented in prosperous neighborhoods, such as the increasingly “hot” Baltimore Avenue area, because their storefronts and products do not conform to Western aesthetic standards. Nearby property owners may feel that these businesses tarnish their property values.

The Dominican Grocers Association promotes active community involvement among bodega owners. At every meeting and in every newsletter, the Association encourages bodega owners to network with and contribute to their community. Such efforts, as well as information about the positive local impacts of immigration, can serve to break patterns of prejudice and distrust.

LACK OF ADVOCACY AND NETWORKS

When asked about ways that The Welcoming Center could best serve them, several foreign-born entrepreneurs cited increased political advocacy and improved channels to City government.

Particularly among more recently-arrived groups, many immigrants lack reliable and effective political representation and networking opportunities. These resources are essential to successful entrepreneurship and economic growth. Leadership training and networking sessions can begin to articulate the voices of these groups into a powerful and unified force. However, the City must also do its part to reach out to its foreign-born and create meaningful conversations.

In addition to political representation, Philadelphia's foreign-born often lack high-quality legal and business advice. Fraudulent immigration and immigrant-oriented business consultants may overcharge or misdirect their clients.

Two of the interviewed business owners stated that they received assistance navigating City small business procedures through Chinese attorneys operating out of Chinatown. The Chinese entrepreneurial community is long-established in Philadelphia, and often has both the experience and connections to successfully conduct business locally. The organization of the Chinese entrepreneurial community can be examined as a model for other groups seeking to build effective networks.

LIMITED SMALL BUSINESS TRAINING

Philadelphia's entrepreneurs are interested in small business training, but are often unfamiliar with available programs or are unable to participate in existing programs due to language barriers and time conflicts.

Many of the City's small business support services cater to advanced investors and Western outlooks. Many require clients to have a formal business plan before being eligible to receive services and support. The business planning process is unfamiliar to many foreign-born entrepreneurs. These foreign-born entrepreneurs are prevented from accessing information about loan programs and other assistance because the hurdle to create a business plan is often one they fail to meet.

Few Philadelphia small business support program offers foreign language workshops or programming targeted toward immigrants. Due to the critical role foreign-born entrepreneurs play in invigorating Philadelphia's neighborhoods and economy, expanding small business counseling services to better serve immigrant audiences should be explored.

Training programs might also enable entrepreneurs struggling with poor business to reinvigorate their investments. Such efforts could be directed at transitional corridors such as North 5th Street.

SLUGGISH REDEVELOPMENT PROCESS

Just about every plan for revitalization of Philadelphia's urban landscape and economy calls for the removal of the barriers that prevent reclamation of abandoned and severely tax delinquent properties. This report echoes that recommendation.

A lack of available properties in up-and-coming sections of the City concerned several business operators. In South Philadelphia, two business operators sought to relocate to accommodate increased business activity; however, no suitable locations were available. This limited availability was in part due to very limited commercial designations in a largely residential neighborhood. For example, a common pattern in the neighborhood is that only three of four corner properties at an intersection will be zoned to allow for commercial.

One West Philadelphia business operator whose lease was set to expire was unable to find another location in the area for her business. Eli Massar of UCD explained that, while there are several vacant or neglected properties along Baltimore Avenue, many of these cannot be redeveloped because they are tied up in slow-moving City tax delinquency and condemnation processes.

As illustrated by the South Philadelphia commercial corridor example, where out-of-date zoning regulations prevent new investment, and by the West Philadelphia commercial corridor example, where abandoned properties continue to blight a neighborhood that buyers are eager to invest in, Philadelphia misses valuable opportunities to reap tax dollars and build quality of life by not acting proactively to generate redevelopment.

POOR INFORMATION

Aside from Census data, little information is available about Philadelphia's foreign-born. Increasing the collection and dissemination of this data will allow the City and Philadelphia social service organizations to better serve their constituents. Additionally, this information will better inform public policy discussion about the role of immigrants in Philadelphia's neighborhoods and economy.

As it transitions to new technology this year, the City is acting to improve the quality and quantity of information it collects. For example, Licenses and Inspections will collect data about primary language spoken among new business license applicants. This will allow Licenses and Inspections to analyze language needs on its staff and to send interpreters or bilingual personnel out for inspections when appropriate.

CONCLUSION

RECOMMENDATIONS

The following recommendations are geared at the interconnected objectives of increasing opportunities for Philadelphia’s foreign-born population—especially entrepreneurs—and generating urban revitalization. These recommendations serve as calls to action for City government, social service groups, and community organizations.

1. Generate sustained public policy discussion about the role of immigration in revitalizing Philadelphia
2. Create access to capital for immigrant populations, both through bank loans and through innovative financing solutions
3. Address crime and its impact on small businesses and immigrants
4. Implement a customer service orientation among all City departments, especially those providing information and services to the business community
5. Build capacity to serve foreign-born communities, both at City Hall and among area social service providers, through language services and cultural awareness programs
6. Foster relations among Philadelphia’s diverse ethnic and socio-economic communities; in particular, work toward dialogue about and resolution of “the elephant in the living room”—the sometimes tense relationship between African Americans and immigrants
7. Create meaningful networks of communication between the City and its immigrant populations
8. Develop the ability of immigrant groups to advocate on their own behalf through leadership training and network building
9. Improve accessibility and quality of legal services to immigrants

10. Improve access to and quality of information about starting and operating a business in Philadelphia
11. Target public and private small business training to meet the needs of underserved communities and to overcome critical obstacles such as business plan development
12. Facilitate redevelopment of vacant and neglected properties in areas ripe for revitalization
13. Improve availability, quality, and distribution of information about Philadelphia's foreign-born populations and their contributions

THE ROLE OF THE WELCOMING CENTER

As a centralized immigration resource center, The Welcoming Center wears many hats. Recognizing that many Philadelphia area organizations provide immigration-related services, The Welcoming Center strives for collaboration and non-duplication of services.

The Welcoming Center is committed to advancing public policy discussion about the role of immigration in urban revitalization. The Welcoming Center produces literature and events to foster this dialogue. Notable efforts include a January 2004 symposium and a planned September 2004 forum on the role of immigrants in urban revitalization.

Another key role of The Welcoming Center is providing information and expertise on immigration issues. The Welcoming Center functions as a clearinghouse for information about local immigrant populations, immigration services, trends, and needs. The Welcoming Center spearheads innovative studies of area immigration challenges and contributions, including a study that will examine the way post 9/11 visa controls have impacted local employers. The Welcoming Center's publications break new ground toward exchanging knowledge, creating access, and empowering Philadelphians of all backgrounds.

The Welcoming Center also creates networks, both between immigrants and City Hall and among different immigrant populations and the groups that serve them. For cultural reasons, many immigrants do not readily interact with City Hall. Also, City Hall does not have the resources to proactively identify the needs of its diverse constituents. The Welcoming Center acts as a liaison to create effective communication between the City and its residents. Relatedly, The Welcoming Center is collaborating with the Eastern Pennsylvania Organizing Project to develop leadership and communication skills among area immigrants.

Toward the goal of improving information about starting and operating a business in Philadelphia, The Welcoming Center produced a pamphlet entitled, "How to Open a Deli or

Grocery in Philadelphia." This is the first in a series of business information pamphlets The Welcoming Center plans to produce, translate and distribute.

To address crime and its impact on the small businesses and immigrants, The Welcoming Center organized a meeting between the Police Department and Philadelphia's Indonesian community to improve awareness about local police and safety resources and continues to plan related efforts.

The Welcoming Center's publication, *Global Philadelphia: A Guide to Philadelphia's Immigrant Experience*, begins to fill the gap in information about Philadelphia's foreign-born. The Guide educates Philadelphians about their neighbors in an effort to foster community relations. The Guide also educates politicians, corporate stakeholders, social service providers, and citizens on the changing face of Philadelphia.

The Welcoming Center provides information referrals to immigrants on matters including employment, education, and immigration law. The Welcoming Center also provides job placement services and advice to medium and small business owners on technical and legal issues.

The *Resource Guide*, published jointly by the City of Philadelphia and The Welcoming Center, improves access to Philadelphia area resources, including language education and cultural program providers. Development is underway on a searchable online database of all information contained in the Guide.

The Welcoming Center connects immigrants to a variety of employment opportunities and assists employers through the process of hiring foreign-born workers.

The Welcoming Center is improving access to capital among immigrants by building relationships with area banks including Commerce and Citizens Banks.

The Welcoming Center is organizing legal clinics to serve various local ethnic communities within their neighborhoods and currently provides referrals to area immigration law experts.

TOWARD A NEW PHILADELPHIA

The Welcoming Center believes that immigration can serve a significant role in growing a new and thriving Philadelphia. The Brookings Institution's broad strategies for creating a more prosperous Philadelphia—revitalizing the region's demographic mix, improving governmental coordination, strategically investing in older areas with existing infrastructure, and reducing barriers to investment—are fulfilled to varying degrees by the opportunities presented by immigration.

Immigration can contribute to the revitalization of Philadelphia's demographic mix by contributing to population growth. Immigration has been attributed with generating continuous increases in population in cities including New York and Boston in spite of significant domestic out-migration.

Immigration can also diversify the demographic mix of the labor force, offering remedy to the trend of young and skilled workers leaving the Philadelphia area. The far majority of immigrants to the U.S. are in their young working years and immigrants to Philadelphia tend to be more highly educated than those in other large cities.

As illustrated by the commercial corridors surveyed in this report, the foreign-born are leading investors in the City's older areas with existing infrastructure. These study areas are not the exception to the rule; many of Philadelphia's commercial corridors exhibit a large body of immigrant entrepreneurial activity. Philadelphia's foreign-born entrepreneurs invest in neighborhoods that would otherwise witness only vacancy and neglect. These businesses provide food and other daily needs to the community and help invigorate community life.

Finally, reducing barriers to investment and improving governmental coordination would allow for significantly increased opportunity among Philadelphia's residents and entrepreneurs—foreign-born and native alike. All Philadelphians would benefit from enhancements to local government including implementation of a customer service orientation to counter City Hall's "inward looking" approach,

streamlined regulations that widen opportunities for investment, and expansion of access to government for all Philadelphians through language initiatives and effective customer interface.

Immigrants are attracted to Philadelphia for its affordability and the presence of diverse ethnic communities. However, barriers including inadequate financial resources, security concerns, the challenges of navigating City small business processes, language barriers, community relations issues, a lack of advocacy and networks, limited small business training, a sluggish local redevelopment process, and poor information and data collection limit the ability of Philadelphia's foreign-born to contribute to the economy.

While strategies to promote urban revitalization often focus on job creation, it is vital that Philadelphia attract both jobs and residents. Only initiatives that work on both these fronts will help Philadelphia nurture its unique character as a city of neighborhoods and grow the region as a great place to both live and work.