

A Path Forward for Camden

Report commissioned by the Annie E. Casey
Foundation for the City of Camden and its
constituents

June 13, 2001

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Preface

A Path Forward for Camden is the first in a series of three reports commissioned by the Annie E. Casey Foundation in support of its work with children and families in Camden. The purpose of this initial study, prepared by McKinsey & Company, is to provide a framework for stakeholders to assess the public and private investments, the policies, and the practices to be undertaken on behalf of Camden's families and neighborhoods. The following studies, to be conducted by the Urban Institute and Camden's Community Planning and Advocacy Council, will analyze economic trends in Camden's surrounding region and examine the effectiveness and interaction of various human services systems in Camden, respectively.

Camden is one of 22 cities that are sites of the Casey Foundation's Making Connections initiative, a demonstration strategy to advance the premise that children do better when their families are strong, families do better when they live in supportive neighborhoods, and communities need enabling connections to nurture strong families. The Foundation's investments in Camden to date have sought to promote three objectives: to recognize, honor and enhance the visibility of the important work being done every day to connect families to the opportunities, resources and networks they need to succeed; to enhance the effectiveness of this work by helping to link and build the capacity of key community-based organizations; and to improve the chances that Camden's residents and families will have the information they need to engage in collective advocacy, mutual support and self-help.

Our hope is that *A Path Forward for Camden* will help to promote broad-based civic engagement and citizen participation in the debate and decisions that confront Camden. We also hope that *A Path Forward for Camden* serves as affirmation and encouragement to the leadership networks that are emerging across sectors and beyond traditional alliances. And finally, we hope that these leadership networks use *A Path Forward for Camden* as a catalyst for a conscious, deliberate and effective public consensus building process around a vision for Camden's future that includes explicit attention to strengthening Camden's families and improving the prospects for the city's children and youth.

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A Path Forward for Camden

Wooden sewers and fiber optic cables. Visitors to subterranean Camden would find themselves staring at a very odd underground juxtaposition – relics of the nineteenth century alongside the very symbol of the twenty-first.

As they emerged into the light of day, our visitors would probably begin thinking that the wooden sewers were a more apt metaphor for the city. They would see dilapidated housing, schools in need of repair, and abandoned lots where businesses of all sizes once stood. They would read about concentrated poverty and double-digit unemployment rates. They would note that residents earn less than one-half the wages of their peers in neighboring towns. They would hear about frustrations with inadequate government processes and services and about fears that stem from crime and a flourishing illegal drug trade.

But a closer look, and perhaps a more finely tuned ear, would tell another kind of story. Our visitors would see the potential for a thriving commercial hub with access to a port, the Philadelphia International Airport, and the major interstate highways of the Northeast Corridor. They would also see four fine educational institutions: Rutgers University, Rowan University, the University of Medicine and Dentistry of New Jersey, and Camden County College. They would hear about the heroic efforts of talented and committed community leaders. They would note early signs of rejuvenation: the aquarium, the new Campbell's Park baseball stadium, construction sites for two new libraries, and groundbreaking for a new Boys and Girls Club and for several new housing developments. They would read about successful programs such as the Camden County Improvement Authority's free job transportation and the Camden County drug court.

No doubt our visitors would now be as puzzled above ground as they were below. What is the Camden story? In one way or another this question has been on the minds of concerned citizens and civic leaders in Camden, Camden County, and New Jersey for the better part of the past half-century. Some fear that Camden has fallen too far to save, but others believe that a concentrated effort could revitalize this city of just 80,000 residents and 9 square miles.

Thinking that a fresh look at Camden's situation might be helpful in not only answering this question but doing so on the side of promise and hope, the Annie E. Casey Foundation commissioned McKinsey & Company, in conjunction with the

Urban Institute, the Center for the Study of Social Policy, the Community Planning and Advocacy Council, and CAMConnect, to develop a report that community groups; private investors; and state, regional, and local decision makers could use in their efforts to strengthen Camden.

Our purpose was to frame a discussion about what is needed to ensure sustained investment in Camden’s families and children. We hope to provide a starting point in galvanizing the debate among interested stakeholders. Therefore this report does not, and does not aspire to, answer all of the existing questions about Camden. For example, we did not pursue recurring invitations to take a detailed look at the schools or at work force development programs.

Our specific objective was to develop a comprehensive picture of the current situation; an understanding of what caused it; and, based on what we learned in those two areas, a perspective on the key elements of a path forward. Over the past 3 months, we have reviewed many past studies and reports on Camden, conducted our own analyses, and interviewed over 40 stakeholders. Community leaders, residents, government leaders, religious leaders, scholars, and observers of all sorts have shared their knowledge, their insight, their passion, and their concern for the city. It would have been impossible to develop this report without their contributions.

As the three chapters of our report explain, we’ve learned that while Camden’s situation is difficult and complicated, it is not necessarily hopeless. A turnaround will be challenging – but doable.

1 – THE CURRENT SITUATION

Chapter 1, entitled *Despite signs of hope, still a city in trouble*, describes Camden’s current situation. While it has a number of inherent advantages, has enjoyed some recent successes, and can point to some major opportunities, Camden is still a troubled place. Once a bustling business district, today’s Camden has few businesses. In addition to fewer jobs for residents and reduced tax revenues, the absence of a business community also means the loss of valuable community leadership and support. Camden also lacks the second component of a healthy city, middle income residents who increase demand for goods and services, increase property values, and provide civic leadership.

Camden’s badly deteriorated environment not only makes life difficult for families in Camden, it also makes it nearly impossible to bring those critical businesses and middle income residents back to the city. Camden’s educational systems are

providing neither a good education for Camden's youth nor effective development for its work force. The city's neighborhoods are dilapidated. They are full of abandoned and low value houses, sit on contaminated land, and have few retail services.

Public safety and public health are fragile in Camden. Crime rates are high, and the illegal drug trade is flourishing. Mistrust between residents and law enforcement institutions is high. Few Camden residents have health insurance coverage; many suffer from chronic illnesses or other serious health problems. Property tax rates are substantially higher in Camden than they are in surrounding communities. The city's sorely inadequate government services and processes are a frequent source of aggravation and frustration for residents and businesses.

2 – WHAT CAUSED IT

Chapter 2 describes the causes of Camden's current situation. The chapter's bulky title conveys the complexity of those forces: *City trapped by socioeconomic and fiscal cycles, set off by post-war exodus and exacerbated by government actions and political climate*. Many U.S. industrial cities saw their businesses and middle income residents move to the suburbs in the years following World War II. This national pattern seems to have played out particularly harshly in Camden, which lost half of its manufacturing jobs and most of its middle income residents from 1950 to 1970.

That initial loss triggered a devastating socioeconomic cycle. The exodus of Camden's businesses and middle income residents resulted in a growing "core of poverty" in the city. Over time that core of poverty led to increasing social disorder that in turn led to today's ineffective educational systems, dilapidated neighborhoods, fragile public safety and health, high property taxes, and inadequate city services and processes.

The post-war exodus of businesses and middle income residents also triggered a devastating fiscal cycle in Camden. Falling property values and a shrinking tax base made it difficult for the city to cover its costs and soon led to a structural deficit. The deficit triggered property tax increases, cuts in and outsourcing of public services, and reduced capital investment that did much to accelerate the city's deterioration.

The two cycles were exacerbated by a number of government actions at the state, county, and local level that were not in Camden's best interest. New Jersey state policies, such as the state's tradition of home rule and the loopholes built into the Mount Laurel decision, often had a suburban bias. A number of moves by the

state and the county to improve their own financial and operating performance ended up hurting Camden. The city's weak management of its own tax collection and contract negotiation and enforcement added to its fiscal troubles.

The socioeconomic and fiscal cycles were also exacerbated by a political climate that at best made it difficult to address the city's problems. Undue county influence over city decision making, the lack of an effective two-party system, and widespread civic disengagement made it difficult for the city to defend itself.

3 – KEY ELEMENTS OF A PATH FORWARD

Chapter 3 looks to the future, describing the *Path forward: a challenging – but doable – turnaround*. The intensity of the Camden situation and the complexity of the forces behind it set up an admittedly difficult challenge. Those who care about Camden's future will need to take a different approach to the city's problems than people have taken in the past. Efforts will need to be regional and comprehensive instead of local and piecemeal. Programs will have to focus on root causes, not symptoms; and they will have to have a long-term focus, not optimize for short-term needs.

The actual turnaround plan will need to include four critical objectives. The first is to eliminate the city's structural deficit through better budget development, tax collection, and operating practices. The second is to facilitate the inflow of private capital by promoting the city's strengths and by removing obstacles to investment through efforts such as developing a commercial land use strategy and revamping tax policy. The third objective is to use public funds to rebuild the city's physical infrastructure and human capital, with specific programs built around revitalizing neighborhoods and housing; restoring public safety; rebuilding sewers, the water system, roads, and public buildings; and creating a comprehensive work force development program. The fourth turnaround plan objective is to strengthen local government by taking steps to improve skill development, hold employees accountable for performance, reengineer core business processes, upgrade technology, and recruit outside talent.

Finally local leaders will need to bring other interested stakeholders into the Camden recovery effort. They will need to secure commitment from state, regional, and local decision makers who are critical to the city's recovery, reminding the state and regional players that they have a vested interest in helping. A healthier Camden means that they can spend less on the city and collect more from it. Local leaders will also need to create a civic leadership network, composed of representative stakeholders from the community, the private sector, and the public sector, to lead the recovery effort. Finally local leaders will need to foster a strong civic engagement process. Residents must – for their own sake and for the city's – play an active role in developing the plan and making it a reality.

1 Despite signs of hope, still a city in trouble

There are many stories in Camden of committed individuals doing great things and making progress against tremendous challenges, and the city has inherent advantages that could be real sources of strength. However, Camden is still a troubled city. Ineffective educational systems, dilapidated neighborhoods, fragile public safety and health, high property taxes, and inadequate government services and processes create a devastating situation for Camden families and make it difficult to keep or attract businesses and middle income residents.

SIGNS OF HOPE

Inherent advantages, recent successes, and major opportunities are all causes for optimism about revitalization in Camden.

Inherent advantages

Camden's location, fiber optic infrastructure, and academic and medical resources represent valuable building blocks for the future. The city's proximity to Philadelphia and its location in South Jersey connect Camden to two regional economies (both part of a federal Empowerment Zone) and enable workers to take advantage of jobs in each location. The city is at a major hub of commerce along the East Coast, with access to a port on the Delaware River, to the Philadelphia airport, to the popular Jersey shore, and to major interstate thoroughfares.

Camden's fiber optic infrastructure, augmented originally for L3 Communications, is one of the most attractive Internet backbone access points in the country and enables Camden to easily support other high tech businesses. Rutgers University, Rowan University, the University of Medicine and Dentistry of New Jersey (UMDNJ), and Camden County College provide the city with access to intellectual capital and to vibrant communities of students and faculty members.

Large networks of nonprofit and healthcare organizations are helping to hold up the city during these difficult times. Cooper Medical System, Our Lady of Lourdes, and Virtua Hospitals provide much needed health care services to residents who do not have adequate health insurance. An active community of regional and national foundations and funders has made significant investments in Camden. Many community leaders have continued to reside in Camden and work toward improving the city.

Recent successes

Camden has seen several recent successes in improving its overall environment and expanding civic engagement. A number of these successes benefit children. The LEAP Academy, founded in 1997, was one of the first charter schools in New Jersey. Today it has a several-hundred-person waiting list. The Medical Arts High School has a 100 percent graduation rate, with 98 percent of graduating seniors attending a 2- or 4-year college. Their college-bound students generated over \$1 million in scholarships last year. Two new libraries have been proposed; these facilities will provide study space and free computer access to Camden residents. The Camden School District is hosting its first summer school program in the past 4 years, enabling more than 1,000 students to improve their academic performance. Teen pregnancy rates are down more than 30 percent over the past 5 years. Child immunization rates have increased from 32 percent in 1992 to 78 percent in 2000.

Improving Camden's housing stock has been a major initiative for several nonprofit organizations, neighborhood organizations, and the state. St. Joseph's Carpenter Society, with support from the New Jersey Department of Community Affairs (DCA), has rehabilitated over 250 houses in East Camden and increased the market value of those houses by over 80 percent. In 2000 President Clinton and representatives from the Points of Light Foundation presented the organization with a President's Service award. The DCA and the New Jersey Housing Mortgage Finance Agency have also partnered with other nonprofit and neighborhood organizations to stimulate reinvestment in the Parkside, Cooper, Westfield, and Marlton neighborhoods and to redevelop abandoned properties into affordable and market rate units. Another local organization, Camden Churches Organized for People (CCOP), has worked with the fire department to identify abandoned housing throughout the city and lobbied the state and county for funds to clean up the dilapidated properties.

During the last 3 years, new leadership at the Housing Authority of the City of Camden (HACC) has changed the city's federal rating from failing to passing. HACC has developed a highly successful Section 8 department with 700 vouchers to provide housing choices for city residents. HACC has also recently completed the Royal Court Townhomes, a 93-unit mixed community that is fully racially and economically integrated. Together with the state, HACC received a \$35 million Hope VI grant to transform a formerly blighted corner of North Camden by creating 250 new houses for low income families. This will be the first project in Camden for nationally recognized home developer K. Hovnanian Company.

The DCA has played an important role in improving public safety. Last fall they helped the city purchase 35 new police cars and provided \$2.2 million for a shared services program that enabled Camden area law enforcement agencies to buy and link high tech equipment to work together in tracking and fighting crime.

The state recently facilitated the receipt of \$2.5 million in federal funding for the Safe Educational Environment Measure (SEEM) program, which will be used to hire an additional 20 police officers to deter vandalism, drug abuse, and violence in Camden schools. Reductions in the crime index by 44 percent since 1992 indicate that public safety for residents as well as for the city's growing number of tourists is improving.

Camden Neighborhood Renaissance received a \$175,000 "Weed and Seed" grant from the U.S. Department of Justice to develop a comprehensive strategy to "weed" out drugs from neighborhoods and "seed" neighborhood revitalization efforts. Through collaborative efforts with law enforcement agencies, the city government, and neighborhood organizations, more police are patrolling the streets and arrests involving drug dealing have increased. "Seed" programs are beginning to be implemented, including youth after-school activities and neighborhood beautification efforts.

Entertainment developments along the waterfront are attracting more visitors to Camden, due in part to the efforts of the Cooper's Ferry Development Association. Attendance at waterfront attractions reached the 1 million mark last year. The Tweeter Center has the second highest revenues of any amphitheater in the country, behind only Boston's Hatch Shell. This year, Campbell's Ballpark and the USS New Jersey will be added to the list of Camden tourist venues. Discussions are underway about renovating the Nipper Building into market rate apartments.

There are also positive signs of civic engagement on the part of residents and community leaders, even during difficult times. Residents are taking a stand for the future of their communities. For instance, in the early 1990s, a group of residents worked with the public sector to put a stop to the arson and larceny that occurred each year on Mischief Night. In the mid-1990s, a community group called Save Our Waterfront successfully thwarted the state's attempts to locate a second state prison on the Camden waterfront. Last year, CCOP rallied over 1,000 citizens to present DCA Commissioner Jane Kenny and Assembly Speaker Jack Collins with their organization's vision for Camden. More recently, the city's Department of Planning trained about 100 citizens to become local experts on the new master plan; these citizens then conducted approximately 40 meetings to solicit feedback from over 800 residents.

Community leaders and organizations are also more involved in the civic process. A group of high-level government, nonprofit, and business leaders, including Rutgers Provost Roger Dennis and Bishop Nicholas DiMarzio, formed the Greater Camden Partnership (GCP) to develop, communicate, and implement a new strategy for Camden. Lewis Katz, a member of the GCP, is spearheading a project to build the first Boys and Girls Club in Camden in the Parkside neighborhood. CPAC, a United Way agency, provides technical assistance, grant writing, and

advocacy for local community organizations. As a result of their efforts, millions of dollars from state and federal sources have been raised to improve the quality of life for Camden residents. Data holders are also increasing their willingness to share information to facilitate better local decision-making through the Casey-funded initiative, CAMConnect.

Major opportunities

In addition to the successes of the many individual efforts, Camden has a few major opportunities (some have said “once in a lifetime” opportunities) that could have a significant impact on the city’s families and children and on its ability to attract businesses and middle income residents. As part of the Abbott court decision, Camden has access to more than \$400 million to rebuild the city’s public schools, providing Camden children with both better access to technology and improved facilities. The funding also has the secondary benefit of creating construction jobs for Camden residents.

The city is also the new home of the recently announced Mid-Atlantic Research Consortium (MARC), a joint venture among Drexel, the Department of Defense, and Sarnoff. MARC, which will be located inside the L3 Communications complex, will test and purchase technology for use by the U.S. Armed Forces. Its \$12.5 million annual budget includes funding for economic development efforts to encourage suppliers to locate facilities in Camden. Cooper’s Ferry Development Association also plans to continue the development of the waterfront attractions, including the USS New Jersey museum and a tram over the river to Philadelphia. Recently proposed state legislation to help with Camden’s recovery could mean an infusion of funding, commitment, and talent.

STILL A CITY IN TROUBLE

Despite its inherent advantages, recent successes, and major opportunities, Camden is still a city in trouble. It has few businesses and no critical mass of middle income residents¹, hallmarks of an economically healthy city. Its deteriorated environment makes it nearly impossible to attract those critical middle income residents and businesses, and it creates a very difficult life for the families who have stayed in Camden.

¹ In our report, we use the term middle income to describe people who have choices about where they live, who are economically self-sufficient, and who generate demand for retail goods and services; according to local experts, the typical household income to reach this status is approximately \$30,000 to \$35,000.

Few businesses and no critical mass of middle income residents

Camden is missing two key components of an economically healthy city: businesses and middle income residents. Businesses provide jobs and benefits for residents and generate tax revenues for city government. Their leaders provide access to powerful people and organizations and to resources that benefit the city. Middle income residents also generate benefits for everyone in the community. They increase demand for retail goods and services, raise property values in neighborhoods, and contribute to a vibrant civic life.

In the first half of the 1900s, Camden had a bustling business district where RCA produced America's first radios, Campbell's Soup introduced condensed canned soup, and New York Shipbuilding built battleships for the U.S. Navy. Camden's Broadway was the retail center for South Jersey, lined with all kinds of shops and entertainment. In the second half of the twentieth century, however, mergers, relocations, and plant closings chipped away at the city's industrial and commercial base. Today, only L3 Communications and Campbell's headquarters remain; Broadway is littered with abandoned lots and brownfields.

The city's few remaining businesses look primarily to the suburbs for their work force. Jobs in Camden declined from 180,000 in the mid-twentieth century to 35,000 in 1992. Today, the city has approximately 23,000 jobs. Camden's primary employers are hospitals, the city and county government, and the school district (and, unfortunately, also the drug trade). Camden's relatively few private sector jobs are basically in smaller organizations that tend to have inadequate resources for insurance, training, and other benefits.

Camden has also lost most of its middle income residents. A half-century of suburban growth and racially exclusionary policies has transformed Camden into an enclave of concentrated poverty, with no pockets of wealth to balance the city's demographics. Urban expert David Rusk lists Camden as one of 24 U.S. cities past the "point of no return," due in large part to the high income and racial disparities between the city and neighboring suburbs. Almost 27 percent of Camden families depend on public assistance, compared to 4.2 percent in the county and 14 percent in Philadelphia. Approximately 35 percent of the city's residents are under 18 years old, and nearly 50 percent of Camden's children live in poverty. Single parent women head 60 percent of Camden households with children. Approximately 85 percent of the children in the Camden school district qualify for the free lunch program. Per capita income in the city is under \$10,000, a mere 40 percent of the figure in neighboring suburbs. Camden's poverty rate is 36 percent, and its unemployment is three times the state and national average.

Exhibit 1

FIVE INTERLOCKING ELEMENTS OF CAMDEN'S ENVIRONMENT

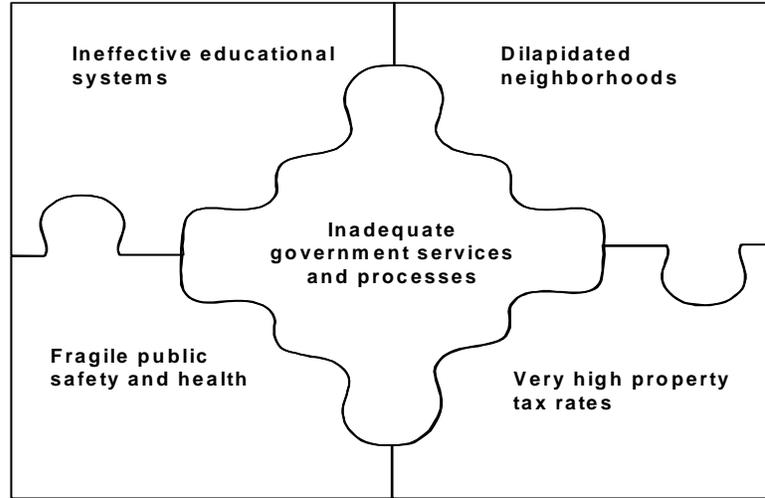
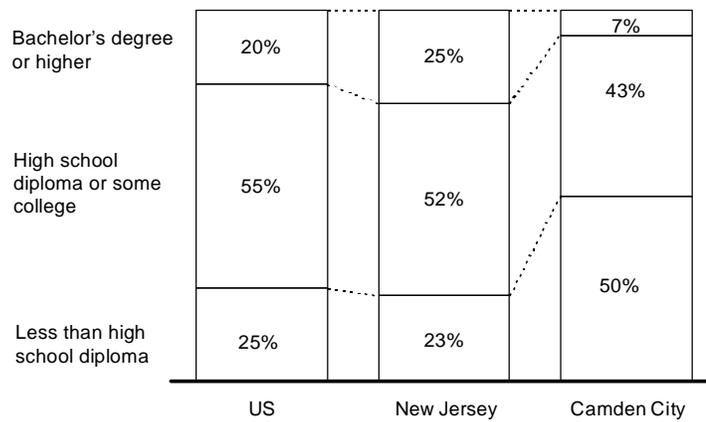


Exhibit 2

EDUCATIONAL ATTAINMENT OF CAMDEN RESIDENTS 25 OR OLDER

Percent



Source: Camden County Workforce Improvement Board, 1990; NCES 1990

Deteriorated environment in key areas

Bringing businesses and middle income residents back is all but impossible in the current deteriorated environment. Camden's educational systems, neighborhoods, public safety and health, tax policies, and city services add up to an unattractive proposition for newcomers and a tough life for current residents (Exhibit 1).

1. Ineffective educational systems. Few Camden public schools are providing a good education for the city's youth. Students receive little support to stay in school, and they are not well prepared for higher education. Only 68 percent of Camden's students complete high school, and less than 10 percent go on to college. In contrast, of the children who attend one of the four local Catholic private elementary schools, 95 percent graduate from high school (Catholic or public), and 85 percent go on to a 2- or 4-year college program.

On state standardized tests for 11th graders, only 49 percent of Camden students passed the reading component, compared to 85 percent statewide. Only 50 percent of Camden residents 25 years and older have completed high school, and only 7 percent have a 4-year college degree (Exhibit 2). National figures show that 49 percent of the people in Camden are considered "functionally illiterate," compared with an average of 21 percent in New Jersey, 22 percent nationwide, and 34 percent in Philadelphia. Students who drop out of school often enter the work force without the basic skills required in today's job market, especially for jobs in modern industries such as high tech and communications.

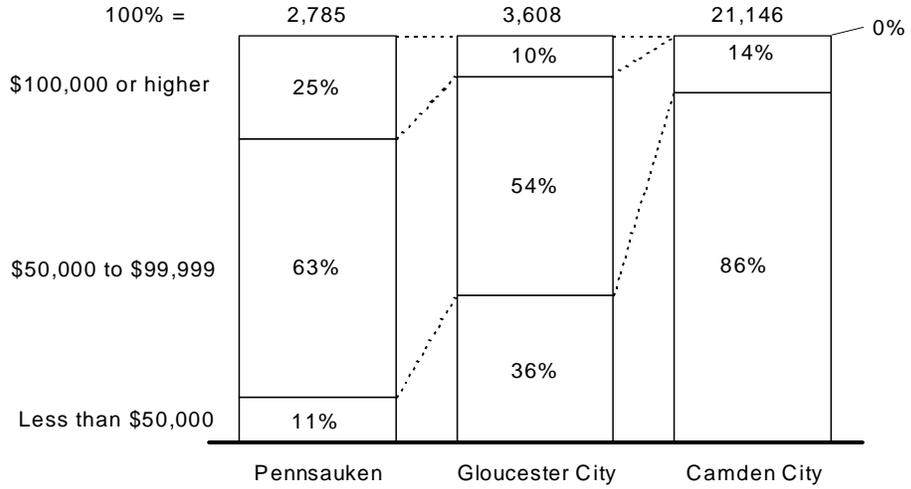
In the early 1990s, while researching for his book, *Savage Inequalities*, Jonathan Kozol found teachers holding classes in closets, sharing classrooms, and working without enough books or equipment. Even this year, the schools did not have enough books. The amount of money spent on additional support for the classroom environment (e.g., outside speakers, equipment for classroom use, and membership fees for teacher professional development organizations) is \$82 per student in Camden compared to \$127 in Cherry Hill. The extracurricular cost per student in Camden is \$74 compared to \$238 in Cherry Hill. In contrast, the 1998-99 total administrative salary cost per student was \$1,111 in Camden compared to \$859 per student in Cherry Hill. Further, Camden school board's travel budget is 30 times that of Cherry Hill's.

Parents have few options outside the traditional public school system. Charter schools within the public school system, such as the LEAP Academy, have waiting lists that are often hundreds of names long. Catholic schools like St. Joseph's have been successful, but two of the six have closed in recent years. St. Joan of Arc Elementary School in Fairview, for example, was forced to close due to low enrollment.

Exhibit 3

HOUSING VALUES IN CAMDEN AND NEIGHBORING CITIES

Percent of 1999 transactions

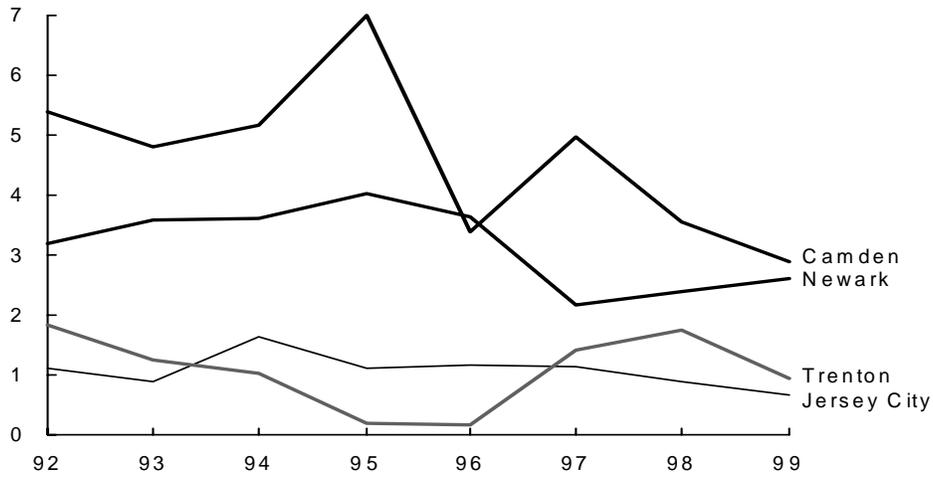


Source: Philadelphia Inquirer; Sean Closkey's "Market Based Redevelopment Model"

Exhibit 4

TRENDS IN PUBLIC SAFETY

Murders per 10,000



Source: *Crime in New Jersey, 1993-1999*; Camden County Prosecutor's office

Camden has no comprehensive work force development program for effectively training and placing adults challenged by a prison record, substance problems, or illiteracy. Participation in existing work force training programs is low and often limited to individuals who already have the highest chance of improving their situation.

2. Dilapidated neighborhoods. While nonprofit organizations and the state have helped Camden demolish hundreds of abandoned vacant structures, several thousand abandoned buildings are still dispersed throughout the city. These empty buildings serve not only as a reminder of lost hope but also as a locus for criminal activity. Approximately 78 percent of abandoned housing is within one block of a drug market. Although we have heard estimates ranging from 3,500 to 6,000, there is no official count of the number of abandoned houses in Camden, which further complicates the problem.

Most of Camden's housing stock was built before World War II and has not been significantly remodeled since. Of the housing transactions that took place in 1999, 86 percent were for houses under \$50,000 (Exhibit 3). Despite valiant efforts of the community development corporations (CDCs) to rehabilitate Camden's housing stock, no neighborhood is untouched by the problem of abandoned housing.

Camden's neighborhoods also suffer from the lack of a strong retail presence. Camden has only one full-service grocery store, one skating rink, no movie theaters, and virtually no mainstream financial services institutions (e.g., credit unions). A limited number of bank branches are supplemented by several check-cashing services. By way of contrast, Camden has approximately 200 liquor stores and convenience stores.

Ironically, for a city that has so much abandoned land in its neighborhoods and commercial districts, Camden has relatively few large, environmentally safe land tracts for businesses wishing to locate or expand their operations in Camden. Approximately one-third of Camden's land was home to former manufacturing facilities and half of that is contaminated, known as brownfields. It typically costs \$200,000 to \$300,000 per acre to clean up a brownfield site. While some federal EPA grants are available to help the city and companies clean up the land, such efforts can still be very expensive and time-consuming.

3. Fragile public safety and health. Despite recent positive trends, crime rates remain high and perception lags improvement in public safety (Exhibit 4). According to the County Prosecutor's office, homicide is the leading cause of death for residents ages 15 to 24. Much of this crime can be attributed to the open drug trade that employs approximately 2,200 Camden residents, attracts over 50 percent of its buyers from outside the city, and generates over \$200 million per year in sales, based on conservative estimates from the County Prosecutor's office.

Exhibit 5

COMPARATIVE TAX AND COLLECTION RATES FOR CAMDEN AND ALTERNATIVE MUNICIPALITIES

	Taxes on a \$50,000[*] home	Equalized tax rate^{**}	Collection rate
Camden	\$2,063	4.1	77.9
Average of alternatives ^{***}	\$1,489	3.0	97.1
Lindenwold	\$1,868	3.7	96.1
Pennsauken	\$1,510	3.0	95.7
Cherry Hill	\$1,488	3.0	99.8
Deptford	\$1,205	2.4	96.8
Maple shade	\$1,371	2.7	97.0
Average of NJ "distressed" cities ^{****}	\$1,668	3.3	92.8

* \$50,000 represents the market price, not the assessed value of the home in question

** Equalized tax rates provide for a more effective comparison of different municipalities; they also reflect taxes on the market, not assessed value of a home, which is more pertinent to a home buyer

*** Alternatives are cities near and similar to Camden, where Camden residents and businesses could choose to relocate

**** "Distressed cities," as defined by Public Financial Management, Inc., excluding East Orange (Newark, Trenton, Paterson, Elizabeth, Perth Amboy); we exclude East Orange because it significantly distorts the sample, with a 6.16 tax rate and a 76.4% collection rate

Source: New Jersey Department of Community Affairs' Division of Local Government Services; Sean Closkey

Children are not just victims in this environment. They frequently become involved in associated illegal activities. Young children often serve as “scouts” for drug bosses by providing tips about police locations and serving as “catchers” to bring in customers. In exchange they earn goods like new running shoes or hourly wages almost twice the minimum wage. In 2000 there were over 5,000 youth arrests for a variety of offenses. The fact that there were more arrests of 13-year-olds than of 17-year-olds is of particular concern.

Tensions are high in Camden’s neighborhoods, and the city suffers from a breakdown of social networks that is driven by mistrust between the community and law enforcement officials. Much of this mistrust results from a history of racial tension between residents and the police force. A recent CCOP survey found that 51 percent of Camden’s residents choose not to report crimes that they witness to the police. In addition to a fear of retaliation by criminals, their reasons for this also include a general mistrust of police. Sixty-five percent of survey respondents indicated that they did not feel safe at night.

As in other disadvantaged communities, few Camden residents have health insurance, approximately 16 percent. The city has a high incidence of chronic conditions such as asthma and diabetes, which are not treated on a regular basis. There are few low income health care centers to provide preventive care, and treatment is often delayed until emergencies arise (e.g., 34 percent of the infants in Camden receive inadequate prenatal care). A recent study by Virtua found that Camden’s city hospital admission rates for illnesses that could have been prevented with proper care ranged from 23 to 35 admissions per 1,000 residents, compared to an average of 14.2 for the county. A recent assessment by the Camden Area Health Education Center (AHEC) shows that HIV infection rates among city youth are among the highest in the state. The AHEC study also found that drug and alcohol abuse affect the lives of more than 40 percent of Camden’s children. Statistics show that 61 percent of the city’s residents suffer from respiratory problems.

4. Very high property tax rates. Property tax rates in Camden are substantially higher than those in neighboring suburbs and in the state as a whole. In 2000 Camden’s equalized property tax rate was 4.1 percent while the average in surrounding areas was 3 percent. This differential in tax rates is a significant extra cost for homeowners in the city. A typical \$50,000 home has a tax bill of over \$2,000 in Camden versus approximately \$1,400 in Maple Shade and approximately \$1,500 in Cherry Hill (Exhibit 5).

5. Inadequate government services and processes. Residents and businesses suffer from inadequate local government services. There are no public recreation centers in Camden. The few community centers that do exist were converted from old police precinct buildings that were not designed for community activities. These centers lack the staff and funding needed to offer activities and programs

for families and children. Residents perceive local government as an enforcer, and not a service provider because, for all practical purposes, the services provided by the city are courts, police, fire, administration, and taxes. Services related to health and human services have been “outsourced” to the county and nonprofit organizations.

Businesses have great difficulty interacting with local government. Permits take significant time to process, there is no clear process for coordinating and delivering properties to developers, and no single entity serves as an interface for interactions with businesses. There are many stories of businesses that left Camden frustrated by government processes or discouraged by a culture that involves shakedowns and bribes. For example, a food distribution company left after the city government was unable to process the permit the company needed to expand its property. A well-known soul food-cuisine restaurant stopped negotiations after a senior city official offered a small, tucked-away brownfield site as the location for the restaurant.

Many residents feel that elected and appointed officials are not always acting in their best interest in day-to-day transactions. Many cite a lack of transparency around what decisions are being made and who is really making them.

2 City trapped by socioeconomic and fiscal cycles, set off by post-war exodus and exacerbated by government actions and political climate

How Camden got to where it is today is a well-researched and extensively discussed topic. Scholars, policymakers, community leaders, and observers of the urban scene have looked long and hard at the forces behind Camden's current plight.

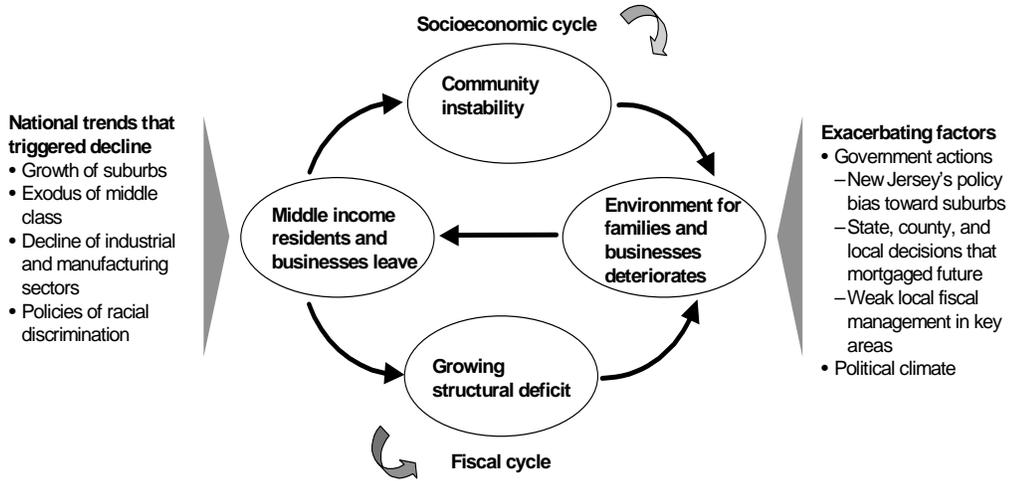
What emerges from our review of their work and our conversations with nearly a dozen of these experts is, to say the least, a complicated picture. It seems that one problem leads to another that triggers four more that are complicated by yet another factor that is itself a result of something else, and so forth.

One way to think about this complex mix of challenges and how they all eventually add up to today's deteriorated environment is to start at the beginning. Like many U.S. industrial cities, Camden's problems began with a post-war exodus of businesses and middle income residents. That initial loss triggered two negative cycles, one socioeconomic and one fiscal, that contributed to the deterioration of Camden's environment (Exhibit 6). The cycles were exacerbated by a number of actions by state, county, and local leaders that were not in Camden's best interest and by a political climate that made it difficult to address the city's problems.

POSTWAR EXODUS OF BUSINESSES AND MIDDLE INCOME RESIDENTS THAT HIT CAMDEN HARD

Camden's decline started with a post-World War II exodus of businesses and middle income residents that hit Camden particularly hard. Like many cities, Camden saw both businesses and people leave the city in the decades after the war ended. Camden's economy and work force were badly hurt when RCA was purchased in 1960 and New York Shipbuilding closed in 1967. From 1950 to 1970, Camden lost half of its manufacturing jobs. In 1980, one of Camden's last remaining large businesses, Campbell's Soup, decided to scale back its operations in the city. Historians note that political leaders were slow to react to the initial exodus of businesses from Camden and that the city never recovered from the loss of its traditional big businesses.

NEGATIVE REINFORCING CYCLES OF DECLINE IN CAMDEN



FLIGHT TO SUBURBS FROM MAJOR NEW JERSEY CITIES

Percent

City		Contribution to county taxes*	Proportion of county population**
Newark	1930s	53	53
	1960s	34	44
	1990s	16	35
	% decline	70	34
Trenton	1930s	67	66
	1960s	26	43
	1990s	11	27
	% decline	84	59
Camden	1930s	55	47
	1960s	19	30
	1990s	5	17
	% decline	91	64

* Data points from 1938, 1964, and 1994

** Data points from 1930, 1960, and 1990

Source: New Jersey Department of Community Affairs' Division of Local Government Services annual reports and website; David Rusk's *Cities Without Suburbs*

Residents left to follow the jobs and because fast-growing suburbs offered good schools, quality housing, and expanding retail options. From 1945 to 1965 the Federal Housing Administration promoted the exodus from the city by providing attractive financing to race-restricted housing on the suburban fringe. As a result, the phenomenon known as “white flight” began, and excluded minorities were denied access to better schools and the booming economy in the suburbs. Other contributing factors to the post-war move to the suburbs included the opening of the Cherry Hill Mall in 1961 and highway construction that made it easy for people to live in the suburbs and commute to other locations for work. By the 1970s Camden had lost most of its middle income residents.

Although the flight to the suburbs and other macroeconomic trends affected other major cities in New Jersey, Camden was hit particularly hard (Exhibit 7). In the 1930s, the city represented 47 percent of the county’s population and 55 percent of its tax base. Both figures dropped significantly over time. By the 1990s the city represented only 17 percent of the county population and 5 percent of the county tax base. The percentage decline in Camden was more severe than that in other New Jersey cities.

EXODUS STARTED A DEVASTATING SOCIOECONOMIC CYCLE

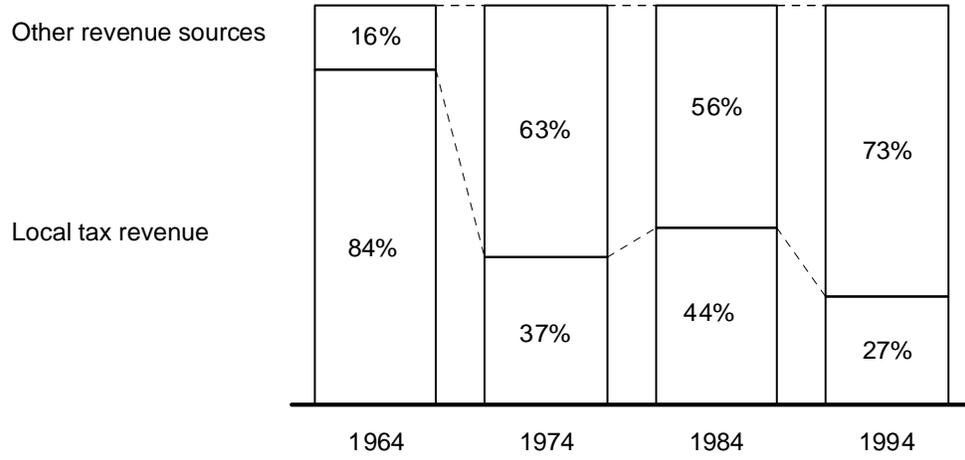
As businesses and middle income residents flee to the suburbs, class and racial polarization tends to increase at the urban core. According to political theorist Myron Orfield, a city’s “core of poverty” grows more dense as people who have choices leave blighted neighborhoods. A growing core of poverty is correlated with increasing social disorder, such as unemployment and violent crime, which in turn results in a decline in the overall environment. That decline leads to more businesses and middle income residents leaving, starting the entire cycle all over again.

A number of U.S. cities fell victim to this devastating socioeconomic dynamic in the last half of the twentieth century, but it was carried to an extreme in Camden. From 1950 to 1990 the number of minorities living in the city increased dramatically. In 1990 86 percent of Camden’s population was minority individuals, compared to less than 10 percent in the suburbs. While the first exodus of middle income residents had been predominantly white, the second wave, following the riots in 1971, included affluent and educated minorities who joined their white counterparts in the suburbs. All of this deepened the concentration of low income minorities living in Camden. Racial and class tensions between the city and the suburbs grew. The cycle continued as a concentration of poverty was followed by an escalation of social disorder, characterized by high crime and unemployment, that ultimately led to today’s deteriorated environment.

Exhibit 8

CAMDEN'S TAX HISTORY

Percentage of municipal operating costs



Municipal tax rate	2.29	2.48	3.63	2.18
Multiple of Cherry Hill's municipal tax rate	6x	8x	15x	7x

Source: New Jersey Department of Community Affairs' Division of Local Government Services annual reports

EXODUS ALSO STARTED AN EQUALLY DEVASTATING FISCAL CYCLE THAT INCLUDES A STRUCTURAL DEFICIT

As businesses and middle income residents left the city, property values fell and Camden's tax base diminished. Over time, that tax base became too small to cover the city's costs, creating a structural deficit (Exhibit 8). That deficit in turn triggered a series of tactical responses, including property tax increases, cuts in some public services and outsourcing of others, and reduced capital investment. In the end, these efforts did much to accelerate the city's deterioration. Camden's equalized property tax rates are now more than 30 percent higher than the average of surrounding communities, which compete with the city for residents and businesses. High taxes discourage current residents from maintaining or improving their property and serve as a barrier to attracting the middle income residents and businesses needed to build the city's tax base.

Frequent budget deficits led to cuts in a number of important public services. For example, funding for the public library was reduced significantly. Staff levels throughout the city government have been scaled back, even in essential departments. The city's economic development department now has a staff of three individuals. Other public services were outsourced to the county or nonprofit organizations. In the case of health services and housing rehabilitation, reduced costs led to reduced quality. The county provides the majority of health services to Camden city residents. It accesses state grants for the delivery of health services for the entire county largely based on the city's poor health statistics. It's not clear that the county passes a fair share of the benefits of those grants on to Camden. For example, Stratford borough has a county-funded senior citizen community center while Camden, with five times as many people and a significantly greater proportion of senior citizens, does not. Nonprofit organizations rehabilitate vacant lots and abandoned houses, but they lack the capacity and funding to make a significant dent in fixing the problem.

Healthy communities regularly issue bonds to fund capital improvements. Chattanooga, Tennessee, with a population size similar to Camden, issued \$8 million in debt in 1996, \$4 million in 1997, and \$19 million in 1998, all for capital improvements. Camden's most recent debt issue for capital purposes was \$10 million in 1986. The city's wooden sewer systems (most of the country moved to brick sewers in the 1960s and 1970s) are a telling example of the impact of this particular consequence of Camden's structural deficit.

GOVERNMENT ACTIONS AT THE STATE, COUNTY, AND LOCAL LEVEL HAVE EXACERBATED THE CYCLES

Not surprisingly in a state dominated by powerful suburbs, New Jersey policies over the past decades have favored the suburbs at Camden's expense. In addition, a number of state, county, and local decisions have essentially mortgaged Camden's future, and the city has suffered from weak fiscal management in two key areas, tax collection and contract negotiation and enforcement. All of these state, county, and local actions have exacerbated the socioeconomic and fiscal cycles.

Bias toward the suburbs in New Jersey policies

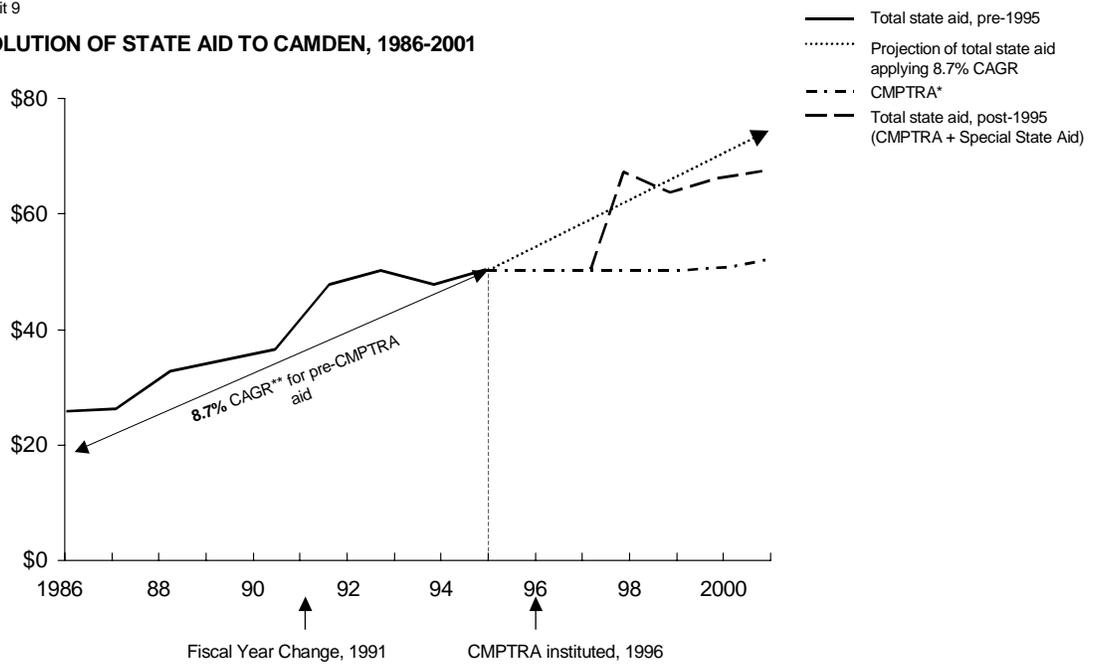
New Jersey state policies have often favored the suburbs that dominate the state and supply the majority of its wealth. New Jersey's "home rule" tradition has created a culture in which individual municipalities operate independently without a strong regional authority to coordinate strategies for the region. Although no state legislation prevents municipalities from working together, there is no requirement to do so and counties, which do try to play a regional role, have little power to implement regional strategies. Thus some counties are limited to coordinating the provision of some public services such as water and sewer. Only recently did the police departments in Collingswood and Camden transition to a similar communication system, making it possible to share information when tracking criminals that cross jurisdictions.

For suburbs with affluent residents who have minimal need for public support, the system works well. For urban areas like Camden, where residents are highly dependent on public services, it is difficult to survive without regional support. Some urban cities outside New Jersey have annexed neighboring suburbs and extended their geographic borders to diversify their economic situation. New Jersey's culture of home rule and municipal autonomy has made it difficult for its cities to pursue similar tactics.

New Jersey's suburban bias has also manifested itself in a number of specific state policies. Although the Mount Laurel decision is generally praised as helping create mixed income neighborhoods, state legislation provided loopholes in implementing the court's decision. Regional Contribution Agreements from 1970 to 1996 allowed the suburbs to bypass the Mount Laurel Fair Share Housing decision and "sell" their share of low income housing to urban areas such as Camden. However, the average payment is only \$20,000 per unit, an amount that does not even cover construction costs, let alone the cost of providing services to one additional low income family.

Exhibit 9

EVOLUTION OF STATE AID TO CAMDEN, 1986-2001



* Consolidated Municipal Property Tax Relief Aid

** Compound Annual Growth Rate

Source: Camden City Finance Department; Public Financial Management, Inc.'s Multi-Year Recovery Plan, 2000; interviews; team analysis

According to David Rusk, if the tricounty area surrounding Camden had enacted a good faith inclusionary zoning policy, three to five times the amount of suburban Mount Laurel housing would be available for the region's low income families. Instead the figures suggest that the suburbs have shifted up to half of their fair share housing targets to high-poverty urban areas, such as Camden, through payment of \$120 million in Regional Contribution Agreements. For example, Camden received approximately \$3 million from Washington Township for 152 low income housing units. Finally another loophole in the Mount Laurel decision allowed counties to set aside up to half of their affordable housing for elderly residents, which further reduced the opportunity for families to leave the city.

Government decisions that essentially mortgaged the future

Decisions by state leaders to optimize the state's own finances and operations often came at Camden's expense. In 1991 New Jersey required some large municipalities to make the transition to the state's fiscal year calendar. As a result, the state did not distribute state aid for the first 6 months of 1991 and required municipalities to issue Fiscal Year Adjustment Bonds to cover state aid for that period. Urban cities like Camden, which were more dependent on state aid, suffered greatly from this decision and ended up with a significant amount of debt to service. For the past decade, almost all of Camden's capital budget has gone to service \$35.5 million in debt issued mostly to cover the state's policy change.

In 1996 New Jersey's decision to change the way municipalities received recurring state aid hurt Camden's financial situation. Municipalities went from receiving a number of formula and grant-based outlays to a lump sum entitlement program called Consolidated Municipal Property Tax Relief Aid (CMPTRA). This recurring aid payment was set and frozen at 1995 levels. The program had three intended benefits for the cities: recurring state aid would become more predictable, municipalities would receive funds sooner, and funds were protected from possible future reductions. The state also benefited from a reduction in grant reviewing costs since it no longer needed to review applications from 566 municipalities.

From 1986 to 1995 state aid to Camden had been increasing at a compound annual growth rate of 8.7 percent (Exhibit 9). Assuming that Camden's needs continued to grow at the same rate from 1996 to 2001, they would have exceeded state aid through CMPTRA by about \$90 million over the 5-year period. The shortfall from the CMPTRA payments to Camden was filled in part by about \$55 million received from Special State Aid over that period.

1995 turned out to be a particularly bad year for freezing aid in Camden because state aid was lower due to one-time actions (e.g., \$4.9 million bulk sale of tax liens) taken in that year. Assuming that the bulk sale of tax liens did not take place before CMPTRA was set, the estimated shortfall in state aid would have been \$125 million (\$70 million after Special State Aid).

The Special State Aid process also poses real difficulties for both the city and the state. Each year the city and state must bargain over the amount of additional aid that Camden deserves. The state must defend taxpayers' interests and contain the city's costs, while the city must be an advocate for increased funds to cover its growing structural deficit. As a result of these differences, it takes extra time for the state to approve city budgets. Without an approved budget, the city must submit special requests to gain the state's approval on all major expenditures. This process is extremely time-consuming and adversarial. As a result, when a budget is finally approved, neither the city nor the state feels that they have gotten a good deal. More important, however, this process has forced the city to continually cut corners (e.g., services) to make ends meet.

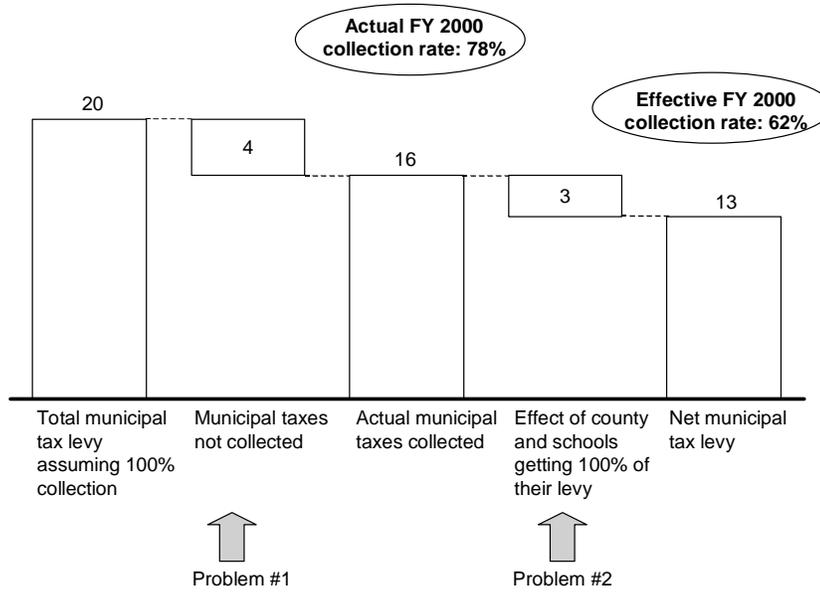
With constant pressure to close budget gaps, the city was forced to accept a series of one-time fixes and deals with the state that solved current-year budget gaps at the expense of future revenues and benefits. "Bad deals" with the county also hurt Camden. Elected officials as far back as the 1960s took quick fixes to cover the budget deficit (e.g., the Pierce Administration sold the city radio station in 1966 to generate revenue). In 1981, to reduce a \$13 million structural deficit, the state gave the city \$5 million to locate the state prison on the Camden waterfront, prime commercial and residential real estate. The city raised the additional \$8 million in revenue by increasing the tax rate by 88 percent, an action that led to a reduced tax collection rate in the following years.

County actions have also created long-term problems for the city. In the late 1970s, the Camden County Municipal Utilities Authority (CCMUA) purchased the city's sewage treatment plant, upgraded the facilities, and turned it into the county's primary treatment facility. Although the CCMUA has made some attempts to compensate Camden for hosting this facility, it is not clear that the amount is appropriate in light of the plant's significant downside for surrounding neighborhoods. Similarly in 1987, the Pollution Control Financing Authority (PCFA), an independent authority created by the county, purchased land in Camden, for \$1.7 million, to build a trash-to-steam plant. Trucks carrying 1,500 tons of garbage enter the city each day from the suburbs. This move enabled other areas in the county to tear down their unattractive incinerator facilities. Although the PCFA pays Camden approximately \$2 million a year to host the facility, it is not clear that this payment offsets the plant's impact on neighboring property values.

Exhibit 10

TWO PROBLEMS WITH UNCOLLECTED TAXES

\$ Millions, approximate



- Municipalities collect taxes on behalf of schools and county and must guarantee schools and county 100% of their levies, regardless of actual collection rates
- When Camden collects only 80% of total taxes, it must pay remaining 20% of uncollected school and county taxes out of its own coffers

Source: New Jersey Department of Community Affairs' Division of Local Government Services website; 2000 Camden budget; Fairmount Capital Advisors, Inc.

Weak local fiscal management in two key areas

Weak local fiscal management in two key areas, tax collection and contract negotiation and enforcement, have added to Camden's fiscal problems.

As a result of its inability to successfully collect taxes from residents and businesses, Camden has one of the lowest tax collection rates in the state, about 78 percent. This hurts the city in two meaningful ways. First, the city only collects about \$16 million of its approximately \$20 million in expected revenues from the tax levy. Second, the city must pay the schools and county 100 percent of the school and county levy regardless of the collection rate (Exhibit 10). In 2000 the cost to the city of the uncollected portion of the school and county levy was over \$3 million. Because of this guarantee to the county and the schools, Camden's effective tax collection rate is under 65 percent. The city's inability to collect taxes is well known in the community, which further aggravates the problem.

Some believe that Camden's low collection rates are due in a large part to properties in lien status, whose taxes have not been paid in years. Efforts to foreclose on these properties have been slow and difficult. One explanation for this poor foreclosure record is that the city does not want to evict low income or elderly residents from their homes. However, the top 15 tax delinquents in 1999 were actually mostly businesses, representing over \$6 million in lost tax revenue to the city.

Weak fiscal management is also seen in the city's negotiations with unions and with tax-exempt entities and businesses. Most of Camden's budget is tied up in police and fire department salaries and benefits. In 2000 these expenses plus the benefits for all other city employees constituted approximately 55 percent of the entire budget. The salaries of the police and fire department alone constituted almost 75 percent of total city salaries and wages. Reducing costs through union negotiations has proven challenging in part because of the city's lack of capacity and experience in this area.

Although Camden's high proportion of tax-exempt land, approximately 50 percent, is typical for most New Jersey cities, the number is still significant. The city must be able to maximize its revenues from the use of this land through well-negotiated payment in lieu of taxes (PILOT) agreements. The city's separate PILOTs generate revenues that are approximately 0.6 percent of the city's tax-exempt land. A market rate PILOT would generate revenues of about 2.6 percent of assessed property value. (Market rate PILOTs generate as much municipal revenue as full tax rates, but with lower costs for the tax-exempt entity because no money goes to the county or the schools.)

If Camden could negotiate and enforce market rate PILOT deals on tax-exempt land (excluding public schools, churches, charitable organizations, and cemeteries), it could generate \$3 million to \$11 million in additional revenue (\$3 million based on a 1.3 percent market rate PILOT, which is in line with tax rates in surrounding areas; \$11 million based on a 2.6 percent market rate PILOT).²

According to the Fairmount Capital Report, the South Jersey Port Corporation (SJPC), which controls approximately 150 acres of waterfront property and creates few jobs for residents, has not paid its annual \$3.5 million PILOT for most of the past 6 years and only recently agreed to begin to pay the city \$2 million annually. Although this \$2 million PILOT is close to the market rate PILOT given the SJPC's use of the land, the land could generate as much as \$15 million in tax revenue if it were used for other commercial purposes, according to the Cooper's Ferry Development Association. SJPC also has the ability to lease portions of their land to other tenants, with no benefits accruing to the city.

In another situation, the Florio Administration agreed to push for legislative approval to give the city a 3 percent rebate on the sales tax from tickets at the E-Center as an alternative to a traditional PILOT payment, but support for the bill faltered after the Whitman Administration took office. If the rebate had been approved, the city would have received almost \$4 million between 1995 and 2001. It is important to note that while poor PILOT negotiations are due in part to local officials' lack of capacity and negotiating skills, at times both the state and county have usurped the city's authority to negotiate these important agreements.

POLITICAL CLIMATE HAS ALSO EXACERBATED THE CYCLES

The socioeconomic and fiscal cycles are also exacerbated by a political climate that works against the city – or at least doesn't work for it.

Many observers have noted that the county has a very strong influence over city decision-making and, not surprisingly, uses that influence in the county's favor versus the city's when there are tradeoffs to be made. We repeatedly heard that the county's power over the city is rooted to a large degree in the fact that most of the city's leaders work for the county, the schools, or the hospitals. Many of these positions are patronage jobs and as such require connections and command loyalty. These requirements can limit, or be perceived as a limit to, a jobholder's ability to act independently and in the best interests of the city. In some situations personal advancement to positions in the county or the state may have been tied to

² Includes only \$2 million of PILOTs from the South Jersey Port Corporation (SJPC), excluding the additional \$2 million in retroactive payments that the SJPC made in FY2000; the SJPC is expected to provide \$2 million in PILOTs in 2001. Host Community Benefits paid by the county to the city for the sewage treatment plant and incinerator were not included in PILOT calculations.

complicity with the interests of those outside the city. A great deal of money has poured into Camden, and many observers have a strong hypothesis that while conditions in the city have remained poor, many businesses, contractors, and service providers in the surrounding region have benefited significantly from their dealings in Camden.

The Camden political environment is further complicated by the Democratic Party's de facto control of politics in the county and in the city. The lack of an effective two-party system not only minimizes Camden residents' political choices, it also makes it harder for them to hold elected officials accountable. Additionally, when Democratic candidates win regional elections by a margin greater than the total votes cast in the city, they need not pay attention to their city constituents.

Widespread civic disengagement means that the people who arguably have the most at stake in Camden politics have essentially opted out of the political process. Few Camden residents participate in the city's governance. Elected leaders lack the capacity and sometimes even the will to engage residents on community issues.

Excluded from most aspects of the government, residents respond in kind. Only 60 percent of Camden's residents are registered to vote, compared to 77 percent in the county. Although these numbers appear to largely be the result of voter apathy, it is important to note that many Camden residents are non-U.S. citizen immigrants, have language barriers, or have criminal records that limit their ability to participate in the political process. In addition to low registration, few Camden residents actually go to the polls. In the recent mayoral election, less than 8,000 of the 31,000 registered voters voted. In recent school board elections, only 3.7 percent of registered voters turned out to cast their ballots, compared with 13.3 percent statewide.

Voter apathy in Camden may reflect not only being excluded from the process, but also resident disillusionment with the corrupt behavior of some elected officials and their recognition that the city has little political leverage in the county or the state.

3 Path forward: a challenging – but doable – turnaround

Despite the severity of Camden’s situation and the often mind-boggling and always disheartening complexity of the forces behind it, there is a path forward. The city is facing a very challenging – but doable – turnaround.

This chapter focuses on the “doable” part of the statement:

- ¶ The need for a “different” approach to Camden’s problems: more regional and comprehensive than past efforts and more focused on causes and on the long term
- ¶ Four required objectives for the actual turnaround plan: eliminate the structural deficit; facilitate the inflow of capital; use public funds to rebuild physical infrastructure and human capital; and strengthen local government
- ¶ Critical next steps to get the effort underway: secure commitment from state, regional, and local decision makers; create a civic leadership network; and foster a strong civic engagement process.

NEED FOR DIFFERENT APPROACH

Though very well intentioned, efforts to date in Camden have been largely ineffective at reversing the cycles that entrap the city. As Jane M. Kenny, Commissioner of the New Jersey Department of Community Affairs stated, “What has been tried in the past has not worked. It will take radical steps to counter the formidable, long-standing problems facing Camden.”

Camden has inherent strengths and committed people but, to date, individual initiatives have been overwhelmed by the magnitude and the complexity of the city’s challenges. Camden’s strengths can be the foundation for the future, but a different approach is needed to define that future and make it a reality. In short, as a number of observers agree, Camden needs a regional and comprehensive agenda that addresses the root causes of problems and focuses on long-term investment.

1. Solution must be regional, not local. Coordinated action among local, regional, and state stakeholders is needed to develop a solution for Camden. As discussed earlier, the city’s situation is the result of actions taken by many entities throughout the region and the state. In addition, Camden, a city of 80,000

residents, has neither the internal resources nor the political power needed to turn the city around. Finally many urban experts, such as Paul Grogan, have concluded that an urban city cannot be revitalized unless regional stakeholders take a collective approach to the challenge.

Surrounding areas, including Philadelphia, have an interest in Camden's recovery. A significant number of South Jersey and Philadelphia residents cross the river to go to work, and the new aerial tram will further link the two cities. The Urban Institute is currently coordinating a detailed industry and cluster analysis. Early findings suggest that Camden and the region share industry strengths in health care, deep-sea freight transportation, and business services such as credit collection. A focused effort to collaborate on economic development in Camden could strengthen the regional economy.

Regional partnerships on a small scale have already been effective in Camden. The Home Port Alliance won the bid to house the USS New Jersey battleship. State senator John Matheussen and retired naval officer, Thomas Seigenthaler, led the effort; participants included regional government leaders, the Cooper's Ferry Development Association, the Camden Empowerment Zone, and the city government. In addition to securing the location of the battleship on the Delaware River in Camden, the group also raised over \$13 million in public money to build a pier, museum, and theater as part of the USS New Jersey attraction.

2. Solution must be comprehensive, not piecemeal. Isolated initiatives have not been able to turn the city around in large part because the effects of one element in the socioeconomic and fiscal cycles counteract efforts elsewhere. Both cycles and the forces that exacerbate them must be addressed to improve life for Camden's current residents and to bring businesses and middle income residents back to the city. Camden is competing for these groups with communities that offer good schools, safe neighborhoods, reasonable tax rates, and well-functioning governments. It must offer at least an equally complete package.

The Whitman Administration's proposed fiscal recovery plan, Multi-Year Fiscal Recovery Plan, prepared by Public Financial Management, Inc., has too narrow a scope to turn Camden around by itself. While the plan does a good job of identifying opportunities for cost savings and incremental tax revenue generation and the need for investment in physical infrastructure, as commissioned, its primary focus is only the fiscal cycle. The plan does not adequately address the socioeconomic cycle and the major elements of Camden's deteriorated environment, it does not adequately account for the social costs of its proposed initiatives, and it does not address implementation barriers.

3. Solution must treat root causes, not symptoms. Due to the severity of Camden's situation, most efforts to date have focused on "ministering" to the needs of the people, which frequently means treating symptoms rather than causes. Many nonprofit organizations and faith-based groups have stepped in to provide

much-needed care and services to Camden residents. While this work is very important and often makes a significant difference in people's lives, nonprofits and faith-based groups generally focus on day-to-day problems. They usually have neither the time nor the resources to address what's causing those problems.

4. Solution must have long-term focus, not optimize for short-term needs. As discussed earlier, Camden's state and local decision makers have taken a series of short-term actions in response to the negative cycles and to current-year budget pressures. Shifting from a short-term, reactive mindset to a long-term, investment mindset will enable Camden to create an environment that helps the city restore financial stability, attract private resources, and build a skilled work force. For example, the city will be better served if actions to reduce the structural deficit focus on investment and capacity building rather than on minimizing short-term state aid.

Decisions should be made with an eye toward the end goal, and trade-offs should not be made to meet short-term needs. While it is admittedly often difficult for leaders to keep a longer-term vision paramount in their minds, the city's future depends on deep commitment to a long-term recovery.

REQUIRED OBJECTIVES OF ANY TURNAROUND PLAN

One implication of the need to take a regional and comprehensive approach to Camden's turnaround is that many people will have to help develop and execute the actual turnaround plan. Therefore, instead of recommending a specific program, we have prepared a perspective on what we believe are the required objectives of any turnaround effort.

Consistent with the importance of being comprehensive, focusing on causes, and taking a long-term view, a Camden turnaround plan must take dead aim at not only the city's deteriorated environment but also the socioeconomic and fiscal cycles, leadership actions, and political climate that created it. Consistent with the need for a regional solution, efforts must involve the county and the state where appropriate. These broad requirements translate into four specific objectives that we believe must be part of any Camden turnaround plan:

- ¶ Eliminate the structural deficit through better budget development, tax collection, and operating practices
- ¶ Facilitate the inflow of private capital by promoting the city's strengths and removing obstacles to investment
- ¶ Use public funds to rebuild the city's physical infrastructure and human capital
- ¶ Strengthen local government.

Eliminate the structural deficit

Camden's recovery program must include actions to eliminate the structural deficit that is at the heart of the negative fiscal cycle. Three specific efforts are critical here.

1. Work with the state to develop a realistic budget that supports investment.

In the short term, the state and city must agree on a budget that eliminates the structural deficit and the annual "battle" between the city and the state in the budget approval process. The budget should have achievable cost and revenue targets, with improvements phased in over time. It must include spending for investments in the city's long-term recovery, such as investments in building capacity, modernizing infrastructure, and reinstating basic services. Total projected revenues must include a level of state aid that meets current year spending needs and enables the city to plan and operate with a forward-looking investment mindset. Often, by the time a typical budget is approved, the fiscal year is well under way and much of the money is already spent. A solution might also involve the state or county taking on certain functions for the city or increasing recurring state aid to fund them.

2. Improve tax collection. While local businesses are for the most part the tax delinquents with the largest outstanding payments, city officials must improve tax collection among both businesses and residents. Businesses need to know that there will be consequences if they don't pay their taxes, and those rules must be enforced. Seminars and home owner training sessions conducted by nonprofit organizations should be used to encourage residents to develop a savings plan for household expenditures such as tax payments and, like businesses, residents need to be held accountable for their tax obligations.

Camden's poor tax collection rates impose a substantial financial burden on the city, which must expense a reserve for all uncollected taxes in a given year. This reserve has soared to approximately \$8 million a year. If Camden had collected 86 percent of its taxes in 2000 (like Newark), it could have saved more than \$2.5 million of this reserve.

3. Operate the city more efficiently. Camden must also work to reduce costs without sacrificing services and investment. There are many opportunities to improve the city government's fiscal management and operational efficiency. The city should develop a workable plan, with realistic goals, for phasing in improvements. The state's Multi-Year Fiscal Recovery Plan is a good initial step in this process, but the city will first need to build the capacity to implement many of the proposed changes.

Facilitate the inflow of private capital

Private capital provides a foundation for rebuilding the tax base and increasing the number of family-supporting jobs for residents. In pursuing private capital, Camden should promote its many strengths and address the structural and political obstacles that make it difficult to capitalize on those advantages.

1. Promote the city's strengths. Stimulating private investment depends largely on stimulating middle income demand in Camden. A confluence of opportunities in the downtown and waterfront districts could facilitate job creation and lead to future middle income demand. Camden needs to promote these strengths.

- a. Camden as a high tech center.** The new Tech Center (MARC), with \$12.5 million a year in military technology procurement, could result in hundreds of jobs for dozens of new small and midsize companies. This high tech growth would reintegrate Camden with the regional economy and help stimulate middle income demand for goods and services.
- b. Camden as a government seat.** In addition to serving as the county seat, Camden has a federal courthouse and a state office building. Camden would gain an inflow of residents and visitors if it enhanced the city's role as a government seat and moved additional county offices to Camden. For example, the county court system could be expanded, providing administrative and professional job opportunities for city residents. Over time government business needs in Camden could raise the demand for support and hospitality services to support broader state and county events.
- c. Camden as a cultural center.** The entertainment and tourist complex on the waterfront could become a cultural center for the Delaware Valley region. Over the next few years, attractions will include an expanded aquarium, an expanded Tweeter Entertainment Center, the new baseball stadium, the Battleship New Jersey and its museum, the Mushulu floating restaurant, an aerial tram to Philadelphia, and more. These venues could bring a critical mass of visitors to Camden and make it a cultural center for all of South Jersey. Residents from the region would feel a connection to the city and take an interest in its well being.
- d. Camden as an alternative to Philadelphia.** Camden could become a reasonably priced, convenient, and accessible residential option for people who work in the Delaware Valley. Plans to renovate the Nipper Building and convert it to market-rate apartments could help provide a trendy living environment for "yuppies," artists, and "empty nesters." The city could also provide an option for graduating Rutgers

or Rowan University students who want to stay in the area. As demand for housing along the waterfront increases, a critical mass of middle income demand for retail goods and services in the downtown district could develop.

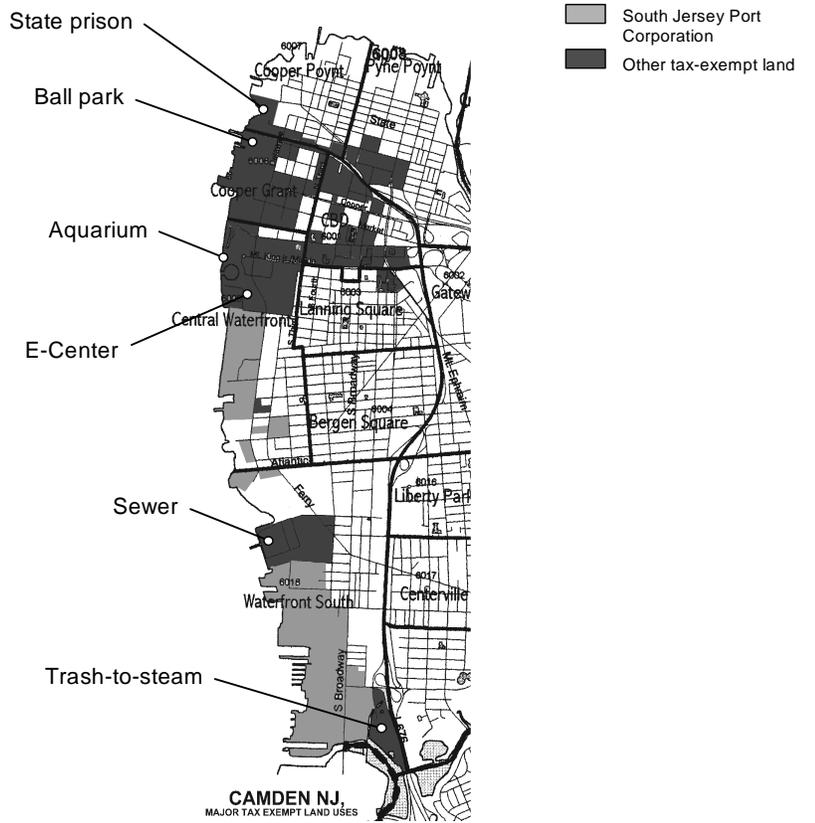
- e. **Camden as a biotechnology hub for the region.** According to Urban Institute analysis, Camden is showing early signs of the formation of a biotech cluster and already is well-positioned relative to the region in health care and information and technology. Healthcare and biotech research represent one specific potential opportunity. Camden already has three large health services organizations and the Coriel Research Institute. The city could bring together interested members of the health care, information technology, and biotech communities to develop a cross-geographic cluster effort.
- f. **Camden as a college district.** The city's four institutions for higher education and its downtown area could serve as a college district for both commuter and on-campus students. Expanding on-campus housing options would provide retail demand for restaurants, specialty stores, and services (e.g., photocopy shops) that nonstudent residents could also use. (By ensuring that the universities pay a market-rate PILOT for land used for new student housing, the city will not lose the benefit of ratable land.)

2. Address structural and political obstacles to investment. Camden needs to act on several fronts to make it easier – and thus more attractive – to do business in the city.

- a. **Improve the actual process for doing business.** Camden needs a streamlined, fair process for new businesses that want to operate within its borders. Having to work with the city is a deterrent to potential private investment. Stories abound of phone calls to city departments that are never returned and shake-downs of potential developers for “contributions.”

Short-term improvements could focus on streamlining the process for gaining new business permits and zoning approvals. The power to issue permits and control zoning needs to be put in the hands of individuals with no ties to the suburban power structure and no incentive to benefit personally. Camden could create an entity, such as an economic development ombudsman, whose incentives are tied to the city's best interest and to stimulating as much positive economic development as possible. The DCA recently proposed the

MUCH OF CAMDEN'S WATERFRONT UNAVAILABLE FOR COMMERCIAL DEVELOPMENT



Source: City Department of Planning; Cooper's Ferry Development Association

formation of a group that might serve this function by helping businesses relocate to Camden. It would be called the Camden Business Resource Center, and it would be located at the Delaware River Port Authority (DRPA).

- b. Develop a commercial land use strategy.** The city should aggressively seek grants to fund the rehabilitation of brownfield spaces and create incentives for the private sector to cofund efforts. The U.S. Senate recently approved the “Brownfield Revitalization and Environmental Restoration Act of 2001,” and Camden should aggressively seek any available federal funds.

The city should also work with commercial developers to consolidate small plots of land and to investigate building industrial parks and suitable office space, and it could spearhead efforts with private sector leaders to find anchor tenants for newly constructed spaces. The title process should be expedited, and owners should have an effective mechanism for enforcing their private property rights and protecting their land from harmful activities, like open-air drug markets. To better set the economic development agenda, the city should also regain control of valuable land tracts. Most of the city’s waterfront and downtown real estate is either tax-exempt, out of the city’s control, or tied up in suboptimal use (Exhibit 11). In the past public entities have even used eminent domain to take possession of Camden’s desirable land, leaving the city with less attractive land to develop and control. The city could lobby the state to invest in modernizing the South Jersey Port Corporation facilities at the Broadway Terminal and to close the Beckett Street Terminal to free up valuable waterfront land adjacent to today’s ongoing development.

- c. Revamp tax policy.** Camden should consider reducing effective tax rates to competitive levels with surrounding communities or even providing clear tax benefits to stimulate investment in the city. The state could also consider offering an amnesty program for tax delinquents to encourage higher collections at the lower tax rate.
- d. Coordinate activity with regional economic development groups.** State, county, city, DRPA, Empowerment Zone, and other economic development efforts are poorly coordinated. Many members of these groups claim that there is very little interaction among their organizations. Increased collaboration, particularly in the form of pooled resources to support a regional agenda for stimulating job growth, is critical to both the development and implementation of an economic development agenda. Efforts should initially concentrate on a few high-priority initiatives.

Use public funds to rebuild physical infrastructure and human capital

Camden can draw on a great deal of public funding from many different sources. Significant amounts of money are already available, and substantial additional funds are potentially available in several places. All of this funding represents an incredible opportunity to rebuild the city's physical and human capital. Five specific efforts should be included in this part of the Camden turnaround plan.

1. Use Abbott funding to improve student achievement and revitalize neighborhoods. Over \$400 million in state funding has been allocated to rebuild Camden's public school system based on the Abbott decision. This is a once-in-a-lifetime opportunity, particularly given the youthfulness of Camden's population. Abbott funding could become the cornerstone in revitalizing the city's schools and, as a corollary benefit, its neighborhoods. Unfortunately, Camden is one of the last districts to get its Abbott plan approved, and many are dissatisfied with the current plan's grandiose, poorly supported aspirations. Camden should involve the broader community in the Abbott opportunity and invest in a planning process that maximizes its impact. The city might benefit from additional help with its Abbott plan, such as conversations with external experts who have helped other cities (e.g., Trenton) with their plan and the DCA's planned trip to visit Jersey City magnet schools that are attracting children from the suburbs.

School construction could be a rallying point not just for new physical facilities, but also for school reform with a new focus on student achievement and efficiency. Schools could also be built to serve as community centers, with programs such as evening classes for adults, after-school programs for students, and other neighborhood functions. New neighborhood facilities like the Parkside Boys and Girls Club give children more after-school alternatives and improve neighborhoods. Templates for rolling out these types of facilities should be shared, and similar development should be encouraged.

The magnitude of the construction work also provides an incredible opportunity for job creation and job training. City residents could receive training and city entrepreneurs could be funded to form new firms. Skill-building efforts should leverage successful adult work force training programs and services provided by the Camden County Improvement Authority, the Housing Authority, and federal programs. For example, the U.S. Department of Housing and Urban Development's Youth Build Program provides grants of up to \$500,000 for helping disadvantaged youth finish high school while receiving on-site training in construction.

2. Request larger federal Community Development Block Grants to develop neighborhood-specific plans for addressing abandoned housing and restoring public safety. Requests for Community Development Block Grants (CDBG) to eliminate abandoned housing in all of Camden's neighborhoods should be

increased. Crime rates have been improving and police deployment has increased significantly, due in large part to the efforts of County Prosecutor Lee Solomon and the leaders of the Camden Police Department. This success should be reinforced with dramatic efforts to address the problem of abandoned buildings and lots – the criminal community’s most valuable asset.

CDBG funds can be used toward any program that prevents or eliminates blight and improves conditions that threaten the city’s immediate health. Camden County currently receives \$3.8 million in CDBG funds, while Jersey City receives \$8.9 million and Bergen County receives \$12.9 million. Given the broad scope of the use of these funds, Camden should aggressively apply for increased support of its plans to address abandoned housing and tackle the drug trade. National leaders from New Jersey, such as senators and congressmen, will need to be willing to use their own political capital and reputation to support the city in its efforts to increase CDBG funding.

CDBG funds should be used to expand successful programs. For example, the drug court has had early success in rehabilitation efforts, with 92 percent of its participants remaining drug-free and employed. Not only are its success rates high, its expenses are low. It costs \$4,000 to monitor someone through the drug court process, versus \$17,000 to \$22,000 a year for incarceration.

Battling the drug trade and criminal activities will require collaborative efforts among regional police departments and among residents and the police department. The region should invest in tools that provide information on crime patterns and that facilitate communication among police forces. Residents and neighborhood organizations will also need to be involved in efforts with the police department. Community policing should be encouraged and expanded, with programs to encourage police-resident cooperation in fighting crime. The emphasis on a “problem solving” approach to police work, as opposed to reactive, response-oriented policing, should be reinforced.

3. Use potential state funding to rebuild basic city infrastructure. The state is currently considering legislation that would impose greater state control over Camden. Part of this proposed legislation includes the infusion of over \$150 million for infrastructure improvements. If the legislation is approved, the city should work with responsible state leaders to prioritize Camden’s infrastructure needs and to quickly begin to rebuild the city’s sewers, water system, roads, public buildings, and other infrastructure. If pending legislation does not provide these funds, city leaders should push the state to dedicate a portion of state aid to finance a new bond issue for capital improvements.

4. Leverage private, state, and federal funding to improve the housing stock. Camden should build on existing private initiatives to diversify its housing stock and to create attractive housing for middle income families. Early successes on the waterfront have private developers, such as Carl Dranoff, taking an interest in

developing middle income housing units along the waterfront, beginning with the Nipper Building. Community organizations like St. Joseph's Carpenter Society and the Parkside Business and Community in Partnership have focused on rehabilitating houses in specific neighborhoods. St. Joseph's Carpenter Society has developed a model for educating new homeowners about financing and maintaining their homes. Their track record is impressive, with only two foreclosures out of 250 homes sold.

Camden should also pursue a comprehensive rebuilding effort to diversify its housing stock. Even if abandoned structures and deteriorated homes are rebuilt, Camden's housing stock is still predominantly small attached houses. The state and city could offer homeowners financial incentives to expand as well as renovate existing housing. DCA's Downtown Living Program has \$7.5 million available for low interest loans to develop market-rate apartments in the state's downtown areas.

The city could also collaborate with regional leaders to relocate residents from a specific neighborhood to mixed-housing areas in the suburbs and completely rebuild the neighborhood inside the city with a mix of market-rate and low income housing. Funding from the federal government's New Markets Initiative could help supply the financial resources for this effort. Under this new federal program, the low income housing tax credit has been expanded to create 180,000 new affordable homes for working families in economically distressed communities.

5. Use available and potential government and private funding to develop the local work force. Businesses, academic institutions, high schools, local unions, and government should work together to provide appropriate work and life skill training for Camden's residents and to remove barriers that limit their ability to participate in the work force and become self-sufficient. Skill-building programs should range from literacy and language training for those who need this basic help to management training for residents trying to move up in their current jobs.

Nonprofit organizations can play a key role in bringing together various parties to shape a work force development program that best meets residents' needs. By pooling their funds, nonprofit organizations can maximize their impact. Preliminary figures from a study being conducted by CPAC show that federal, state, county, foundation, and private groups invest over \$200 million a year in health and human service organizations in Camden.

Barriers such as lack of access to transportation and child care should be addressed through measures such as improving public transportation systems, expanding programs like the Camden County Improvement Authority's free transportation program (which transports over 1,500 residents to work each day), and giving tax

credits to companies that provide on-site child care for employees' children. Local unions are beginning to make stronger efforts to recruit and train minority workers. These initiatives should be encouraged and expanded over time.

Strengthen local government

The city must have a local government with the capacity and the credibility required to lead a turnaround. To that end Camden needs to pursue five sets of actions to strengthen local government.

1. Improve skill development. A strong professional development program should be put in place at all levels of government. High-ranking government officials should participate in a leadership program that is customized to the nuances of governance in Camden and the region. Washington, D.C. used an effective training model that Camden might want to adopt. Senior government officials attended a customized program at George Washington University that built leadership skills and created a common environment for instilling management practices. Local universities could play a similar role for Camden.

Heads of government departments should attend national 1- to 2-week training programs, such as the Senior Executive Institute at the University of Virginia, to learn best practices and work with other public management professionals from across the nation. This training will also create an informal network of colleagues and mentors to whom Camden officials can turn over time.

Entry-level and mid-level government employees need to receive some form of basic training. Most states offer programs for administering specific government services, such as a training course for building inspectors. The state could also provide counsel and assistance to city leaders in strategic areas such as contract negotiation.

2. Hold employees accountable for performance. Few city employees receive performance evaluations. Thus there is no explicit mechanism for holding individuals accountable for their work. Public Financial Management, Inc., and the National Academy of Public Administration are preparing to launch an effort with the state to build an accountability model for Camden. This model will set realistic targets for government departments, determine how to easily measure those targets, and develop mechanisms for holding city employees accountable for their performance.

3. Reengineer core business processes. Work flows and job responsibilities should be restructured with a focus on streamlining decision-making and minimizing bureaucracy.

4. Upgrade technology. Camden city's current computer systems and networks are not adequate. For example, the city still runs antiquated financial, budgeting, and purchasing systems. Upgrading the city's technology systems will increase the level of service to residents and businesses and will enable the productivity improvements from restructuring the core processes.

5. Recruit outside talent. Camden will need help from outside expertise with experience in turnaround efforts and in public management. Several urban public management professionals would probably be interested in Camden if they had the support and political stability needed to make a difference and were offered a competitive salary. City and community leaders could help provide the needed support by articulating their commitment to the effort and by standing by these outside leaders when tough decisions are made. Political stability requires that individuals have a reasonable amount of time to demonstrate results. Camden could provide this type of stability by offering multiyear contracts. The city will need to work with the state to offer competitive salaries for key positions.

CRITICAL NEXT STEPS

Ultimately the Camden story is about people – those who left and those who stayed, those who've helped and those who haven't, those who believe a better life is possible and those who have their doubts, those who will make it happen and those who will stand in the way. So it is not surprising that the critical next steps in Camden's turnaround involve people.

Local leaders should act as conveners in bringing other interested stakeholders into the process for moving Camden forward. More specifically, they need to secure commitment from state, regional, and local decision makers; create a civic leadership network; and foster a strong civic engagement process.

Secure commitment from state, regional, and local decision makers

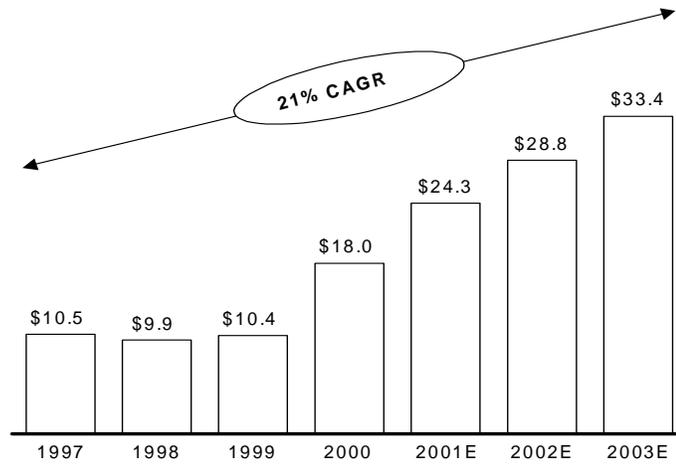
State, regional, and city leaders will play a key role in Camden's recovery, which means that their commitment to the turnaround – in word and deed – is critical.

Political leaders and decision makers control the resources needed for a turnaround in Camden. Therefore these leaders must come together to negotiate a political accommodation that balances the interests of all stakeholders. A successful turnaround effort will take time, and these leaders must be committed to a long-term effort and have a clear plan of action. Finally the leaders must also be committed to building the local authority that will drive the change process and manage the city in the future.

Exhibit 12

STRUCTURAL DEFICIT WITH NO CHANGES 1997-2003E

\$ Millions



Source: Public Financial Management's Multi-Year Recovery Plan, 2000

In securing commitment from the state and region, Camden's leaders can and should make the case that Camden's recovery is as important to the state and the region as it is to the city.

It is in the state's interest to revitalize Camden. If nothing is done, the cost of aid to Camden will continue to escalate and be a growing burden. According to the Multi-Year Fiscal Recovery Plan completed by Public Finance Management Consultants, Camden's growing structural deficit could require over \$30 million in annual state aid by 2003 (Exhibit 12). In contrast a turnaround in Camden could help the state. For example, if Camden could grow to a point where its income distribution was similar to New Brunswick's, residents would contribute almost \$15 million in additional state income taxes. Likewise, if growth from the waterfront, MARC, Abbott constructions, and other initiatives created 7,000 new jobs in the city, the state would receive about \$10 million in incremental income taxes. Additional benefit would come from reduced aid, increased sales tax revenue, and increased income tax revenue from corporations. If the incremental benefit to the state increased in a linear fashion over 10 years to \$50 million and then stayed at \$50 million for the next 10 years, its net present value (at a 10 percent discount rate) would be over \$260 million.

It is also in the region's interest to support a turnaround in Camden. The city's blight and crime are already beginning to spread to surrounding areas, hurting property values and creating anxiety in communities. In addition, Camden's poverty means significant costs for the county, which must provide extra public services to support very low income communities (households earning less than 30 percent of the median income). The county currently spends \$36 million a year on services to the city, including job training and health and human services. A healthy Camden would mean not only fewer city-related costs, but also better property values and thus an increased tax base in the county.

Create a civic leadership network

Camden will need to quickly create a civic leadership network composed of people who are willing and able to lead what will be a long-term recovery effort. Participants should represent all stakeholders in the community, in the private sector, and in the public sector.

The network's charter will include articulating a vision for Camden in the twenty-first century, putting together a working group to help develop a turnaround plan based on the approach and objectives described in the previous sections of this chapter, and facilitating the implementation of that plan.

Members of the network will need to be actively involved in some parts of the plan, in particular those efforts that deal with obtaining or require significant funding from state, county, and private sources. They must also be the "voice" of

the turnaround effort, making it real, exciting, and important in the eyes of all who benefit from and must support the program. Their personal stature, energy, and commitment will play a key role in rebuilding confidence in Camden.

All of this points to several critical criteria for members of the civic leadership network. Individually or in combination they must have the capacity and courage needed to attack Camden's toughest problems and the strong political will needed to interact effectively with state, county, and local leaders. They must be able to coordinate efforts across entities and facilitate decision making that is focused on the long term and on the needs of the entire city versus those of certain individuals or groups. Finally they must have the personal and professional credibility needed to mobilize state and regional resources.

Many people we've talked to believe that finding the right leadership will be the biggest challenge in Camden's recovery. Even the leadership that exists within the nonprofit community has been unable to let go of "turf wars" with one another and find a common voice. But few would disagree with the importance of this very crucial next step.

Foster a strong civic engagement process

With the right level of support, information, and encouragement, residents can assume ownership for a city's recovery. They can play an active role in community organizations, hold elected and community leaders accountable, monitor outcomes, and work in partnership with other stakeholders (e.g., community policing efforts with the police department). The Prichard Committee for Academic Excellence, a privately funded citizen's group in Kentucky, serves as an education-reform watchdog. Following a mandate to reform the commonwealth's school system, the committee held the reformers accountable by monitoring statewide test scores, commissioning public studies, and providing public education and advocacy.

These types of efforts are particularly important, and often even more effective, in the face of extreme circumstances. Civic engagement was reenergized in Chelsea, Massachusetts when the state legislature put the city under receivership and authorized a receiver to develop a new city charter. This action led to the formation of the Chelsea Charter Consensus Process, which actively sought advice, expertise, insight, and opinions from residents, business leaders, and community leaders. The Process used newsletters and surveys sent to every home, large public forums, extensive interviews, and a city telephone hotline to mine public opinion. DC Agenda was formed to expand and empower civic engagement after the federal government placed a control board over Washington, D.C. in the early 1990s.

Camden residents have been isolated and virtually shut out from decision making in the past. Government and community leaders and neighborhood organizations need to create avenues for soliciting resident input, not in response to decisions already made, but as part of the decision making process itself. Potential vehicles include town hall meetings, focus groups, citizen editorial sections in the local newspaper, and surveys that measure residents' perceptions of progress (e.g., like the survey that Rutgers conducts for New Brunswick). People should also be encouraged to vote, and it might be helpful to have the local chapter of the League of Voters conduct community training sessions on the importance of voting and on how to hold local elected officials accountable.

Camden's youth should be a part of the civic engagement effort. In a 1987 study on youth development, H. Ladewig and J.K. Thomas demonstrated the long-term benefits of engaging young people in community efforts. They found that adults who had participated in youth volunteer organizations were more likely to be employed and to be involved in civic and community service. They also found that, on average, participants had higher incomes than nonparticipants. Camden nonprofits can help attract Big Brothers/ Big Sisters of America and City Year, organizations that are well known for their ability to involve young people in volunteering, to the city. The school system should teach Camden's students the importance of civic involvement.

* * *

The reemergence of the central city is a growing trend in the United States. Given the increasingly unappealing effects of suburban sprawl, including growing congestion and inflated housing prices, many are starting to look back to the cities. Now is the time for Camden and its neighbors to capitalize on this trend and work together to rebuild Camden. With the right strategy and committed leadership Camden has real opportunity to reshape its identity and become an attractive twenty-first century city.

June 13, 2001

A Path Forward For Camden

Epilogue

The recommendations set out in this report are not self-executing. Improving Camden's prospects will require prodigious effort, considerable goodwill, many compromises and a collective determination to stay the course. It will also require finding ways to listen, to hear and to respect the views and the voices of those Camden residents who all too often have been excluded from the critical decisions that affect their lives as well as the communities in which they live.

Finally, Camden's turnaround will not happen unless the State of New Jersey continues to play an active leadership role, provides additional resources, and commits to building a high capacity local government infrastructure. That is why it is encouraging to note that the broad themes embodied in *A Path Forward for Camden* resonate well with the stated aspirations of the last three governors of the state. Governor Florio's tax rebate proposal and the more ambitious program he envisioned went unrealized when he failed to win a second term. Governor Whitman's far-ranging efforts led by indefatigable DCA Commissioner Jane Kenny, while sometimes controversial, are credited with arresting Camden's decline and keeping alive the debate about its future. Governor DeFrancesco found a powerful ally in State Senator Wayne Bryant and has proposed legislation that would increase substantially the fiscal resources directed toward Camden's recovery.

Although reasonable people could and do disagree about the adequacy, efficacy, political costs and even wisdom of the various proposals, it is good news that governors from both political parties have been willing to use some of their political capital to support comprehensive approaches to meeting the challenges presented by Camden. That is a promising point of departure for those who continue to see the prospects of Camden's families and children as inextricably intertwined with the prospects of Camden.

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