

## Impacts of COVID-19 Across Philadelphia's Neighborhoods

### Part 2: Impacts on Residents

The COVID-19 pandemic has had an immediate impact on thousands of workers in Philadelphia, with more than 167,000 unemployment claims filed since mid-March. Unfortunately, the economic burden of the crisis has fallen disproportionately on low-wage workers. Nationally, more than half of low-wage households have lost income since the crisis began.<sup>1</sup>

This report is the second installment of a four-part series examining the economic impact of COVID-19 on Philadelphia's small business owners, workers and neighborhoods. Part one outlined the scale of the small business crisis in Philadelphia compared with other large counties, looking at both businesses and the workers in those businesses. The second part examines the residents and neighborhoods most impacted, focusing on preexisting socioeconomic challenges that are likely to worsen the effects of the current crisis.

As this report will discuss, the most disadvantaged neighborhoods before the crisis are more likely to face the highest rates of job loss, particularly among low-wage workers, due to the ongoing economic shutdown. The economic impacts of COVID-19 are likely to exacerbate existing disparities across Philadelphia's neighborhoods and will require thoughtful, targeted policy approaches to mitigate the extent of long-term economic harm to already vulnerable communities.

#### Unemployment Among Low-Wage Workers

Unemployment from the pandemic has affected more than 167,000 workers in Philadelphia, more than one-fifth of the city's total workforce.<sup>2</sup> Job losses have been concentrated in industries where telecommuting is most difficult, primarily food service, recreation, and retail. These industries are more likely to employ low-wage workers, meaning job losses have been the largest for the city's most vulnerable. An analysis of Census data for residents with low-wage jobs combined with the industry breakdown of unemployment claims from Pennsylvania's Office of Unemployment Compensation indicates that low-wage workers could make up as much as 67% of all unemployment claims filed so far in Philadelphia.

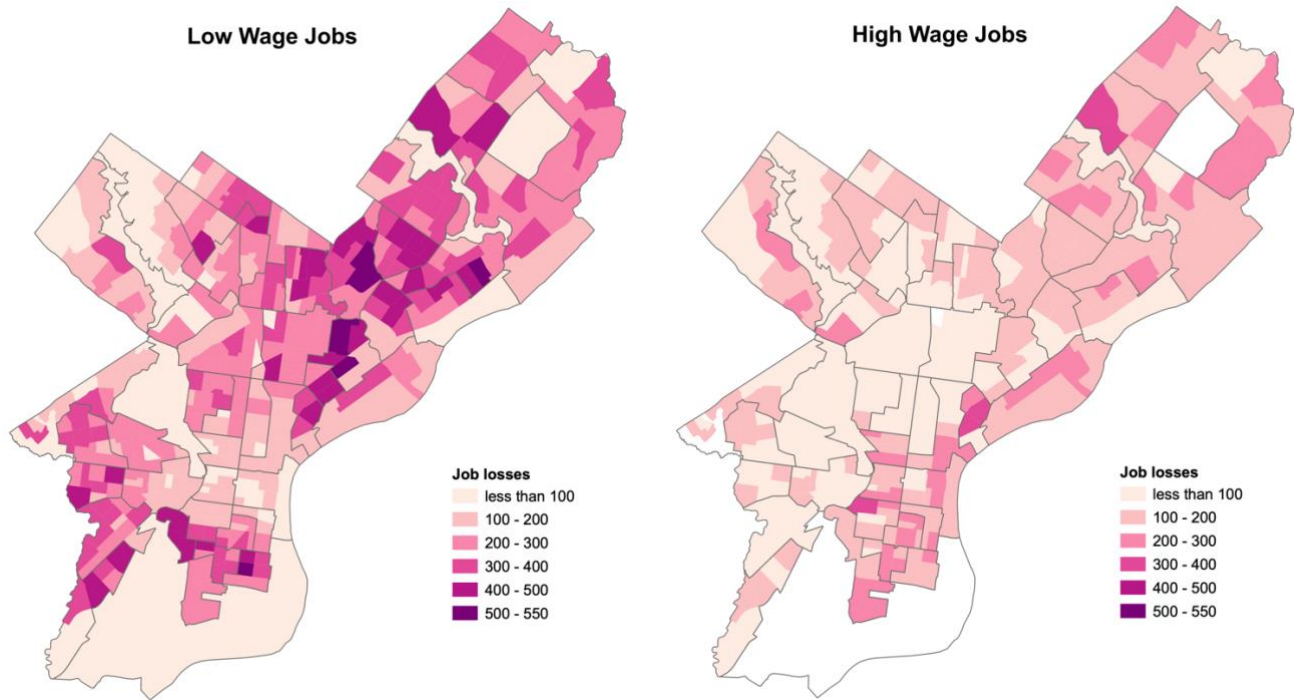
Areas of the city with high concentrations of residents with low-wage jobs (making less than \$3,333 a month, or \$40,000 annually) in particularly vulnerable industries have experienced larger unemployment rates compared to neighborhoods with higher-earning residents employed in less severely impacted industries. The maps below show estimated job losses for residents making less than \$40,000 per year (denoted as "low-wage") and job losses for workers making more than \$40,000 per year (denoted as

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<sup>1</sup> <https://www.census.gov/programs-surveys/household-pulse-survey/data.html>

<sup>2</sup> Claims data from the [PA Office of Unemployment Compensation](#), as of May 30, 2020.

“high-wage”).<sup>3</sup> Job losses by neighborhood are shown according to where workers live rather than where businesses are located. It is clear that job losses for low-wage earners exceed those for higher-earning residents, and stark geographical divides exist across the city’s neighborhoods.



### Compounding Socioeconomic Challenges

The neighborhoods with the highest job loss totals shown in the maps above also face a number of socioeconomic challenges specifically related to COVID-19, and increased unemployment in these neighborhoods will likely worsen these existing issues. School closures have forced parents to take on the enormous responsibility of their children’s education at home, while many renters face the threat of eviction when current protections<sup>4</sup> expire in July. Unfortunately, many of these households lack access to the internet or were already struggling to pay rent before the crisis. Identifying neighborhoods with these kinds of compounding challenges can provide a roadmap for where government and philanthropic action should be targeted to ease economic burdens.

### Rent-Burdened Populations

The ability to meet one’s rent is a rising concern across the country. In a recent national survey,<sup>5</sup> 37% of low-income respondents reported slight to no confidence in their ability to pay next month’s rent. This

<sup>3</sup> Job losses were estimated by the Controller’s Office by applying the industry breakdown of unemployment claims filed in Philadelphia County since mid-March to Census data on the number of jobs from the 2017 LEHD Origin-Destination Employment Statistics survey.

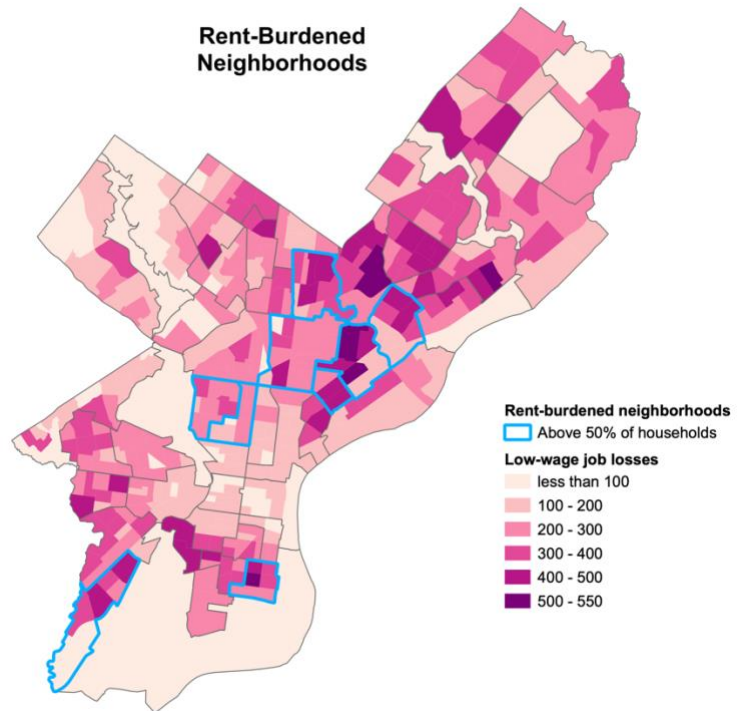
<sup>4</sup> The Commonwealth of Pennsylvania has extended a moratorium on evictions through July 10.

<sup>5</sup> Census Household Pulse Survey, May 7 – May 12

threat to housing security has already affected millions of people across the country and will continue to worsen as unemployment increases and federal funding for additional unemployment benefits nears its expiration at the end of July.

A resident is identified as being rent-burdened if they spend 35% or more of their monthly income on rent. Neighborhoods with higher shares of rent-burdened residents also tend to have higher shares of low-wage job losses.

Severely rent-burdened neighborhoods – primarily North Philadelphia, the lower Northeast, and Southwest Philadelphia – will be disproportionately affected by loss of income, threatening the economic and housing security of thousands of vulnerable Philadelphians living in these neighborhoods.



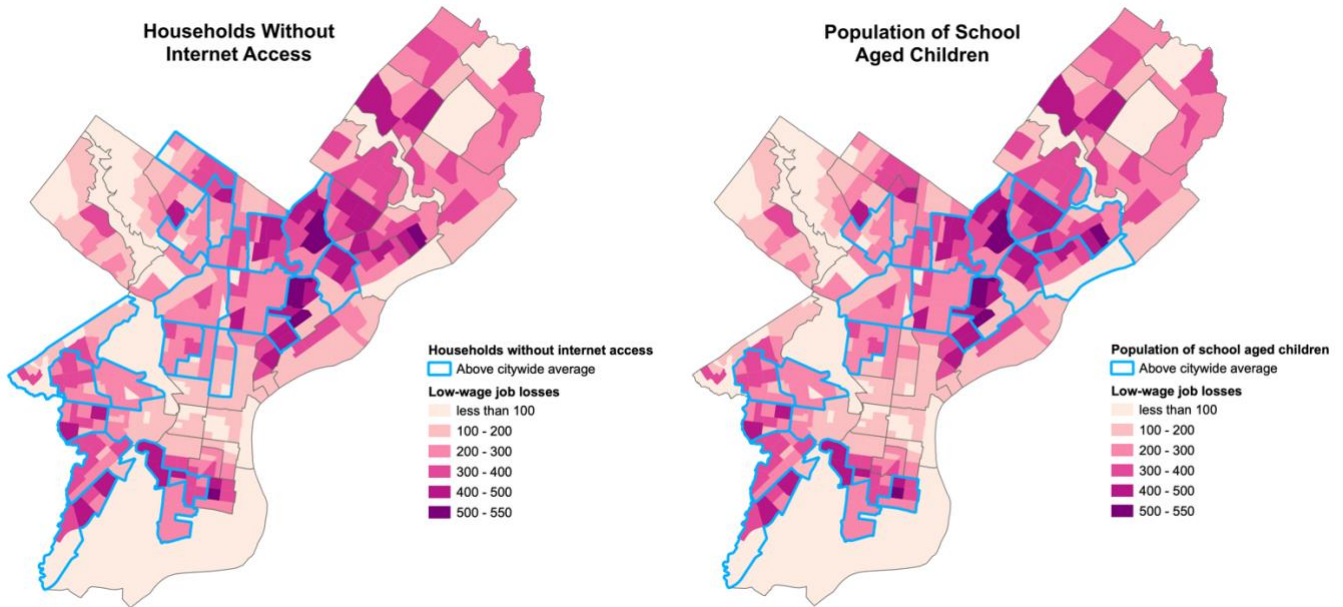
While local government does not have the financial capacity to sufficiently address all the financial needs of renters, the City of Philadelphia has made an effort to support a small population of low-income renters. The recently created Emergency Rental Assistance Program will help to provide rent to 3,000 low-income households in the city using \$10 million in federal funds;<sup>6</sup> however, this program is limited in its funding and the application period closed after being open for only five days in mid-May. With mandated business closures still in effect in Philadelphia and limited support from local, state, and federal government, unemployed low-income renters have very few options in terms of securing the financial resources necessary for rent and will face serious threats to economic and housing insecurity as the COVID-19 crisis continues.

#### Households with Children under 15 and Lack of Internet Access

Lack of internet access is an issue that affects nearly 130,000 households in Philadelphia, according to Census data. Neighborhoods with limited internet access also have higher concentrations of households with school-aged children. Unfortunately, these neighborhoods are at a higher risk of experiencing job losses among low-wage workers than other areas of the city. Lack of internet access and increased unemployment will pose enormous challenges to low-income households that now have the responsibility of overseeing their children's education in the wake of school closures, as most instruction has transitioned to online classes. As the maps below show, these populations are concentrated in North

<sup>6</sup> <https://why.org/articles/philadelphia-opens-covid-19-emergency-rental-assistance-program/>

and Southwest Philadelphia and tend to be rent-burdened in addition to being most at risk for pandemic-related job losses. These findings are consistent with figures reported in a 2019 survey conducted by the School District, which showed that District schools where less than a third of students had internet access on a computer at home were concentrated in North and Southwest Philadelphia.<sup>7</sup>



A household’s ability to transition from in-school to online learning has been critical since the Philadelphia School District was closed on March 16<sup>th</sup>. While laptops were distributed to many students, internet access is necessary for students to attend virtual classes, complete schoolwork, and contact teachers. As of May 20<sup>th</sup>, at least 5,000 students in the Philadelphia School District were still without internet.<sup>8</sup> The actual number of students without any internet access may be higher, however. A 2019 survey of more than 66,000 District students found that only about half of respondents reported accessing the internet from a computer at home.<sup>9</sup> The School District has purchased 2,500 hot spots to increase internet access for its students but does not view these as a long-term solution due to cost and reliability concerns. Private providers, such as Comcast, have also tried to increase internet connectivity by offering low-rate deals, but eligibility requirements have raised questions about the effectiveness of such programs for low-income households.

National data collected in recent weeks underscores the importance of internet access for school children whose schools have been closed due to COVID-19. In areas of the country affected by school closures, students spent an average of 14 hours a week completing schoolwork using online resources, and another five hours working with teachers online.<sup>10</sup> Without internet access, children may not be

<sup>7</sup> “School District of Philadelphia 2018-2019 Survey Results: Technology Access,” <https://www.philasd.org/era/wp-content/uploads/sites/865/2020/03/Technology-Access-Questions-from-the-DWS.pdf>

<sup>8</sup> [https://www.phillytrib.com/news/health/coronavirus/about-5-000-philly-kids-still-lack-internet-access/article\\_858caa2b-0da3-5eb2-9009-ffedf7b14d29.html](https://www.phillytrib.com/news/health/coronavirus/about-5-000-philly-kids-still-lack-internet-access/article_858caa2b-0da3-5eb2-9009-ffedf7b14d29.html)

<sup>9</sup> School District of Philadelphia 2018-2019 Survey Results: Technology Access.

<sup>10</sup> Census Household Pulse Survey, May 7 – May 12

able to fully participate in class work or access additional learning resources, which may require parents to take on more of the responsibility of homeschooling their children.

Locally, the lack of internet access in neighborhoods with high rates of low-wage job loss highlights the equity issues surrounding economic security during the COVID-19 crisis. Families enduring unemployment now have the additional responsibility of homeschooling or otherwise supervising children who cannot access the same kind of educational resources as children with internet access. These educational setbacks could have long-term impacts on students' performance in school, negatively affecting future outcomes. Targeted efforts to increase internet access and provide support to families facing economic hardship will be necessary to mitigate the economic challenges that have been worsened by the COVID-19 crisis but have existed for years, if not generations.

### A Targeted Policy Approach

The economic impacts of COVID-19 are not affecting all Philadelphians equally — job losses are disproportionately affecting low-wage workers in the city's most disadvantaged neighborhoods. Residents in these neighborhoods were already facing a number of socioeconomic challenges. This report has discussed just a few of these issues, namely those faced by renters and households with school-aged children and no internet access. Without targeted support from local policymakers, these preexisting issues are likely to exacerbate the economic burden of unemployment.

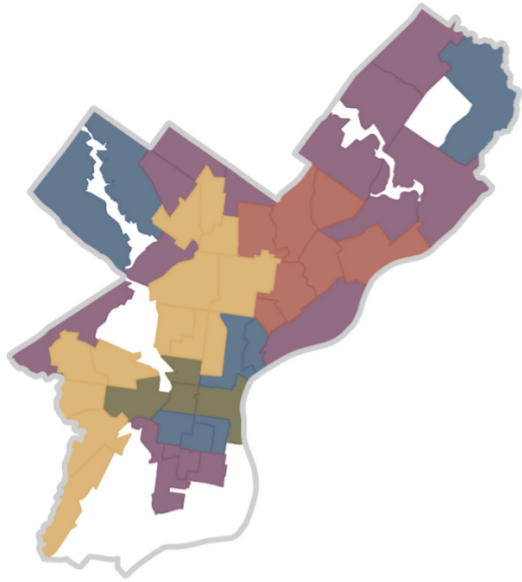
An example of a targeted approach is shown on the following page, where neighborhoods have been segmented into groups<sup>11</sup> according to the issues discussed in this report. The disparities across neighborhoods are immediately clear. The greater Center City neighborhoods fare best according to all metrics considered in this report. Neighborhoods in South, Southwest, and North Philadelphia all have similarly high levels of low-wage job losses. However, areas in North and West Philadelphia (shaded yellow) have a notably higher percentage of households without internet relative to those in the lower Northeast (shaded red). Such differences must be accounted for when designing policy solutions for the current crisis to ensure programs, such as child care support, rental assistance, or internet hot spots, reach the most vulnerable Philadelphians.

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<sup>11</sup> The K-Means algorithm was used to group neighborhoods into 5 groups based on the indicators shown.





## Philadelphia's Neighborhoods Grouped According to COVID-19 Challenges

Low- to High- Wage Job Loss Ratio    Rent- Burdened Households    Households Without Internet    Population Under 15 Years Old

0.88x	34.1%	8.5%	7.1%
1.23x	32.9%	14.0%	14.6%
1.75x	42.7%	19.7%	17.7%
2.90x	51.1%	22.0%	25.5%
3.52x	47.6%	34.0%	21.2%

1. Center City East
2. Fairmount-Spring Garden
3. Center City West
4. University City

5. Pennsport-Queen Village
6. Chestnut Hill-West Mt. Airy
7. Roxborough-Manayunk
8. Torresdale North
9. Lower Kensington
10. Schuylkill-Point Breeze
11. Southwark-Bella Vista
12. Northern Liberties-West Kensington

13. Richmond-Bridesburg
14. Bustleton
15. Torresdale South-Pennypack Park
16. East Falls-Westside
17. Somerton
18. Rhawnhurst-Fox Chase
19. South Broad-Girard Estates
20. Grays Ferry-Passyunk
21. East Mt. Airy
22. Overbrook Park-Wynnefield Heights
23. Mayfair-Holmesburg
24. West Oak Lane-Cedarbrook
25. Oak Lane - Fernrock
26. Snyder-Whitman

27. Wissinoming-Tacony
28. Lawndale-Crescentville
29. Frankford
30. Oxford Circle
31. Olney-Feltonville
32. Juniata Park-Harrowgate
33. Upper Kensington

34. Germantown
35. Ogontz
36. Eastwick-Elmwood
37. Poplar-Temple
38. Haddington-Overbrook
39. Cobbs Creek
40. Logan
41. Sharswood-Stanton
42. Mill Creek-Parkside
43. Hunting Park-Fairhill
44. Paschall-Kingsessing
45. Nicetown-Tioga
46. Strawberry Mansion.

**Notes:** Indicators from 2014-2018 American Community Survey; Rent burden defined as spending >35% of income on rent; Low-wage job loss estimated from 2017 LODES data and Philadelphia unemployment claims through May 30, 2020

## Conclusion

COVID-19 has affected the city as a whole, but some neighborhoods will be more vulnerable to the economic impacts of business and school closures than others. As City officials decide how to best allocate resources at a time of unprecedented revenue shortfalls, a comprehensive view of the challenges faced by the city's residents and the inequities that exist across neighborhoods is necessary. Philadelphia's neighborhoods do not face the same challenges, and many neighborhoods are facing compounding issues. Strategic and thoughtful investments must be made to ensure that relief reaches those most in need.