

THE REPORT OF A JOINT MEETING OF
THE ARCHITECTURAL COMMITTEE AND
THE COMMITTEE ON FINANCIAL HARDSHIP OF THE
PHILADELPHIA HISTORICAL COMMISSION

David Hollenberg and Barbara Kaplan, Chairpersons

Conference Room of the Philadelphia Historical Commission

30 January 1992

Present

Barbara Kaplan, Chairperson, Committee on Financial Hardship
Edward A. Montgomery, Jr., Committee on Financial Hardship
David Brownlee, Committee on Financial Hardship
Scott Wilds, Committee on Financial Hardship

David Hollenberg, Chairman, Architectural Committee
Herbert W. Levy, Architectural Committee
Tony Atkin, Architectural Committee
Penelope H. Batcheler, Architectural Committee
David DeLong, Architectural Committee
Donald Stevenson, Architectural Committee

Richard Tyler, Historic Preservation Officer
Randal Baron, Preservation Planner
Daniel W. Simcox, Executive Secretary

Also

Michael Singer, Godfrey Corporation
Herman Fala, Wolf, Block, Schorr and Solis-Cohen
Bette Haitsh, Douglas Norman, Marcia Wilcof
South of South Street Neighborhood Association
Ronald Washington, South Street West Merchants' Association
Lillie Hughes, Ward Chairperson
Ernest Ice, Victoria Park Neighborhood Association
Juan Levy, Royal Theater Association
Judith Eden, Center City Residents' Association
Jan Albaum, Central Philadelphia Development Corporation
Sandra Garz, Foundation for Architecture
Stephan Pahides, 2103 Kater Street
George Brodie, 1536 Naudain Street
Michael Zan, 1515 Rodman Street
Stormy Lundy, 1634 Rodman Street
Jerold Feinstein, 1439 South Street
Joseph Roberts, 530 S. 15th Street
Ruth Lief Miller, 410 S. 20th Street
L. Hollman, The Philadelphia Inquirer

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The Royal Theater, 1524-1534 South Street: Richard Tyler provided background information for a proposal to demolish the Royal Theater. Owner Michael Singer, represented by Herman Fala of the law firm Wolf, Block, Schorr and Solis-Cohen, proposes to demolish this historic building on grounds of financial hardship and public safety. Mr. Singer submitted information which maintains that he has tried to sell, lease and rehabilitate the property for years to no avail. Though he has shown the property and discussed proposals with many people, no one has committed to its development or purchase. Mr. Singer does not plan to develop the site after demolition.

The Royal Theater was built in 1919 in a Regency Revival Style from plans of Frank Hahn. Constructed primarily of concrete, the building was intended as a cinema for the area's predominantly African American neighborhoods. The Royal became a significant cultural and entertainment center for African Americans. All of the staff, except the owner, were black. The Royal operators founded the Negro Motion Picture Operators' Union. The Theater also was used for live performances for acts like those of Cab Calloway and Paul Robeson. Recognition of this significance came in 1980, when the Royal Theater was entered on the National Register of Historic Places, and again in 1978, when it was placed on the Philadelphia Register.

The building has been closed and vacant since the late 1960s. Mr. Tyler informed the Committees that he, an engineer and two architects walked through the building several months ago. From their visual inspection, which did not include any testing, Mr. Tyler offered the following remarks. Though damaged by water penetration, the building appears structurally sound. At least sixty percent of the plaster ceiling has fallen to the floor. Shallow pilasters were badly damaged and much of the ornamental plaster which concealed the ventilation system had fallen as well. Although there are enough pieces to reproduce the historic ceiling if someone wanted, there is not enough extant historic fabric to warrant a restoration. This absence of historic fabric, however, may afford considerable leeway in plans for redevelopment of the site; a particular concern if a rehabilitation strategy includes federal income tax credits.

Mr. Tyler noted that the potential for redevelopment of the Royal Theater was highlighted in the "South Broad Street Economic and Cultural Development Plan: Working Memorandum #2, Economic Development Recommendations," a report prepared for the Central Philadelphia Development Corporation. The report was drafted by the planning and design firms of Urban Partners and Kise Franks Straw, Inc., in collaboration with an array of institutions and firms brought together through CPDC. The Plan declares that the Royal is:

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the key structure on (the 1500 block of South Street).... There has been interest by a local group in reviving it as a facility oriented to Philadelphia's rhythm and blues legacy but no serious developer or financing has entered the picture yet. Nevertheless, this is an excellent concept and should be evaluated in more detail.

At present, there is still no commitment for development.

Michael Singer has applied for demolition on grounds of financial hardship and has expressed concern for public safety. He maintains that he acquired the building for \$13,700 at a sheriff's sale and that the property has reported losses since acquisition. He also has submitted testimony to numerous attempts to redevelop the property and has concluded that rehabilitation is not viable. Finally, Mr. Singer has no plans for redevelopment of the site after demolition.

After consideration of the information submitted, Mr. Tyler concluded that, at present, there is insufficient information to assess a claim of financial hardship. Mr. Tyler then addressed the three-pronged test of financial hardship; that is, that sale of the property is impractical, that the property cannot command a reasonable rate of return and that reasonable reuses are foreclosed. First, it has not been demonstrated that sale is impracticable. Mr. Singer has listed the property for a price of \$650,000. Though the Commission cannot coerce the owner to sell or to lower his price, the current asking price seems high. Mr. Tyler suggested retaining an independent real estate appraiser to determine the fair market value of this property. Regarding the applicant's claims that there is no reasonable reuse and that the building cannot command a reasonable rate of return, Tyler suggested that the Commission request the preparation of pro forma economic analyses for the rehabilitation of a simplified theater as well as several other retail uses.

Mr. Tyler concluded by stating that the Royal was indeed a "key property." In view of plans to promote South Broad Street as an Avenue of the Arts, the Theater may offer a significant opportunity. Although the buildings on the 1500 block of South Street are a bit "shabby," there has been investment from 16th Street westward and from 12th Street eastward. The redevelopment of this property may spur investment on the blocks bordering Broad Street. [One resident later objected to the characterization of the 1500 block as "shabby" and stated that nearly 85% of the properties on that block were renovated. Mr. Wilds added that there is a significant difference between the 1400 and 1500 blocks of South Street.]

Committee members then asked the applicant several specific questions. Ms. Kaplan expressed particular concern that the owner proposed to demolish this historic resource without any

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plans to redevelop the site. She asked the applicant how, and to what degree, financial hardship would be relieved by demolition.

Herman Fala, counsel to the owner, responded that demolition would alleviate hardship in several ways. First, it would reduce taxes and remove costs accruing to vandalism. Second, the property has not been insured for many years, potentially exposing Mr. Singer to liability from personal injury or death. Demolition would remove this significant concern and potential hazard to the public safety.

Mr. Hollenberg asked how long the building had not been insured and for the owner's reasons for seeking a demolition permit at this time.

Regarding insurance, Mr. Singer indicated that the Royal was insured for five years following acquisition. Then, around 1980, his insurer refused to issue a policy for the theater.

Mr. Singer then addressed the broader question regarding the timing of this application. He acquired the Royal Theater in 1975 with hope of restoring it to use as a theater. He worked with several cultural groups and persons in the entertainment industry to try to develop it as a multi-use facility. One group attempted to obtain financing and a grant from the National Endowment for the Arts to develop the property as an African American cultural center. That effort collapsed. Afterward, Mr. Singer solicited theater groups. Though some expressed interest in the building, none committed to its development. He found similar curiosity and an absence of commitment from a series of retailers whom he solicited, including CVS, the Pennsylvania Liquor Control Board and ACE Hardware. Mr. Singer also explored the possibility of adapting the Royal into a dinner theater. However, he ceased that venture when the neighborhood opposed his attempt to secure a liquor license. Though Mr. Singer also spoke with Graduate Hospital about the property, it lost interest when it obtained another site on the 2000 block of South Street for one-third the anticipated cost of rehabilitating the Royal. The sum of these efforts has led Mr. Singer to conclude that rehabilitation of the Royal Theater was not viable. Given the continued deterioration of the building and the increasing difficulty of securing it, he now seeks a demolition permit.

Scott Wilds questioned several specific points of the preceding testimony. Given an acquisition cost near \$13,000, he suggested that an asking price of \$650,000 seemed high, especially in its present condition. Even if this price was highly flexible, the initial high expectation may have been enough to keep potential buyers from expressing interest. Second, though the information submitted included specific numbers for various re-use proposals, none include analysis of the estimated costs. Mr. Wilds requested that the owner submit the financial details behind his

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final numbers.

Mr. Tyler noted that the property had not been assessed as either "dangerous" or "imminently dangerous" by the Department of Licenses and Inspections. Responding to a related inquiry from Ms. Petrillo, Mr. Singer indicated that he was not certain if extant violations had been cured.

Having considered the preceding testimony the Committees requested the following information:

- an appraisal prepared by an independent real estate appraiser. Ms. Kaplan requested that the staff arrange a meeting of the Committee and the appraiser, to clarify questions, before any work is undertaken.
- a clear comparison of the differential between the costs of a vacant lot and the costs of carrying the building.
- ten-year, pro forma financial analyses of several different proposals; specifically for a simplified theater and for several reasonable retail uses. Mr. Tyler suggested that the owner prepare economic analyses for plans previously prepared by Kise Franks Straw and Alley Friends Associates. It was also suggested that these calculations include the federal Income Tax Credit.
- the costs of demolition;
- a clear statement of the owner's reasons for wanting to demolish the property now;
- a list of all extant violations and their status, as well as a cost estimate for securing the building better; and
- a complete list of expenditures for securing and repairing the building since 1975. This information will be used to evaluate whether the buildings present condition is the result of demolition by neglect and to assess the fairness the asking price of \$650,000.

Responding to the last item, Mr. Fala stated that Michael Singer has invested considerably in historic properties in Philadelphia. The Committees acknowledged Mr. Singer's reputation and noted that the information requested was only for the purpose of assisting them in their consideration of this application.

Judith Eden of the Center City Residents' Association requested confirmation that the preceding discussion meant that further hearings would be held on this application and that all

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interested parties would be informed of any further submissions and meetings. Mr. Tyler responded affirmatively to each question.

Lillie Hughes, Democratic ward leader in the neighborhood around the Royal, testified to offer her unconditional support to preserve the Theater.

Mr. Montgomery read a letter submitted by Councilwoman Verna supporting the preservation of the Royal Theater.

There being no further business, the Committees adjourned.

Respectfully Submitted,


Daniel W. Simcox,
Executive Secretary

REPORT ADOPTED 14 FEB 1992