# THE REPORT OF THE COMMITTEE ON FINANCIAL HARDSHIP

# OF THE

# PHILADELPHIA HISTORICAL COMMISSION

**Barbara Kaplan, Chair**

**Commission Conference Room, 1401 Arch Street**

**3 June 1991**

Present

Barbara Kaplan, Chair,
 Executive Director, City Planning Commission
David Hollenberg
Jason Nathan
Scott Wilds, Office of Housing and Community Development

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

Also

Roger Prichard and Michael Kearney, Old City Civic Association
Dayl Pearson, B.T. Waterfront, Incorporated

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**The Jayne Estate Building, 2-16 Vine Street:**
Mrs. Kaplan informed the applicant that the Committee served in an advisory capacity to the Historical Commission, which itself would take any final action on this application. She introduced the members of the Committee and explained that the composition was such that it could assess the relative value of the historical significance of the building and relevant public policy concerns as well as the claims of financial hardship. She stated that proof of such hardship does not automatically guarantee approval of a permit application. Rather, it would be weighed against the historic significance of the building as well as other relevant public interests.

Dayl Pearson, representing B.T. Waterfront, Inc., presented two new pro forma analyses for reuse of the Jayne Building by itself. The first set of projections was for residential loft rehabilitation with ground floor commercial use and limited parking. The second set was for reuse as office space. Mr. Pearson indicated that neither studied reuse was economically viable and stressed that in the current economic climate, banks were unlikely to lend money for almost any proposed development.

Considerable discussion ensued regarding this application. Several significant issues which arose follow:

- The Committee commended the applicant for both negotiating his earlier proposal and pursuing his demolition permit in good faith.

- Mr. Pearson indicated that B.T. Waterfront, Inc. did not oppose designation because it preferred to work with the interests of the City agencies rather than against them. Further, it thought that it could develop a successful project.

- Plans for the smaller building to the south of the Jayne Estate Building do not significantly affect either the financial analyses or the development prospects. The submitted figures are based on plans to demolish that building and to build anew on that lot.

- Mr. Pearson suggested that his company faced both short and long-term hardship with this building. In the short term, it had to pay carrying costs, taxes and insurance while the property generated no income. In the long term, the nature of construction of the building, specifically its thick bearing walls, made its adaptation prohibitive.

- In response to an inquiry into the structural condition of the building, Mr. Pearson indicated that it was sound. Mr. Hollenberg requested that the owner immediately seal the ground floor openings with masonry. Mr. Pearson responded that his insurer had retained a builder to ensure that the building will be sealed more effectively. This person will visit periodically to repair damage to new, reinforced wooden barriers.

Following considerable discussion, the Committee invited comment from the Old City Civic Association. Michael Kearney suggested that the alleged hardship was self-imposed by a high purchase price. He claimed that the developer bought the property in an inflated market for a price three times that paid eighteen months earlier. He added that sale of the property in the current market would return the market to a reasonable level. Mr. Nathan advised against the temptation of twenty-twenty hindsight. Price was only one factor affecting hardship, which included a market collapse and bank tightening. Mrs. Kaplan added that the price paid was not inconsistent with the market at that time. Acknowledging those points, Roger Prichard suggested that if it was acceptable for a developer to make a fortune when the market was good, it seemed improper for a public agency to bail out a developer when the market is bad. He stressed the importance of this building as the last remnant of nineteenth-century Delaware Avenue waterfront commerce. Mr. Wilds suggested that basing an argument solely on the free market was specious as Commission regulation also affected the market.

The Committee then requested supplements to the new pro forma analyses. Specifically, it requested:

- a copy of the 1989 appraisal noted in the new analyses;
- two pro forma analyses given existing conditions, one using the income tax credit alone and another using both it and the facade easement;
- an estimate of the financial abatement from demolition of the building and development of a surface parking lot;
- an estimate of the costs to seal and "moth-ball" for several years;
- a comparison of the two preceding estimates; and
- documentation of attempts to sell the property.

There being no further business, the Committee adjourned.

Respectfully Submitted,

Daniel W. Simcox
Executive Secretary