REPORT OF THE COMMITTEE ON FINANCIAL HARDSHIP
PHILADELPHIA HISTORICAL COMMISSION

Scott Wilds, Acting Chair
Commission Offices, Room 576, City Hall

23 January 2004

Present
Scott Wilds, Office of Housing and Community Development, Acting Chair
Vincent Rivera, AIA
Harris Steinberg, AIA

Randal Baron, Historic Preservation Specialist
Jonathan Farnham, Historic Preservation Planner
Laura M. Spina, Historic Preservation Planner
Richard Tyler, Historic Preservation Officer

Also
Marvin Gerstein, Temple University
Hyman Myers, Vitetta
Tony Forte, Saul Ewing/Temple University
Gersil Kay, Building Conservation International
Jim Hansom, Vitetta
John Gallery, Preservation Alliance
Neil Sklaroff, Ballard Spahr/Philadelphia Renaissance
Joanne Phillip, Ballard Spahr Andrews and Ingersoll
Martin Dorph, Temple University
Patrice Mattern, Center City Residents Association
Benjamin Frank, Center City Proprietors Association
Stuart Feldman, Resident
Susana Mayer, Resident
Marvin R. Halbert, Center City Resident
David Polatnick, PZ Architects
Hal Wheeler, Wheeler Company
Dotty Diordano, KB Consultants
David S. Traub, Center City Resident
Elise Vider, Center City District
Bill Wheeler, Wheeler Company

Mr. Wilds recognized the presence of a quorum and called the meeting to order at 9:17 a.m.

1800-18 Park Avenue aka Liacouras Walk
Owner: Temple University
Applicant: Hyman Myers, architect
History: 1872, David A. Woelpper, builder
Project: In concept – Rehabilitation of 1800 Park Avenue; substantial demolition at 1802-1818 Park Avenue; retention of historic facades and mansards of 1802-1818 Park Avenue; construction of 5-story building set back behind front facades of 1802-1818 Park Avenue

Mr. Farnham explained the proposal. The application proposes the rehabilitation of 1800 Park Avenue; substantial demolition at 1802-1818 Park Avenue with the retention of the historic facades and mansards; and the construction of a 5-story building set back behind the historic facades. The rowhouses at 1800 to 1946 Park Mall on the campus of Temple University were designated as the Park Avenue Historic District in 1990. The buildings at 1800 and 1804-1818 Park Mall are listed as "contributing" to the district; the building at 1802, the home of David A. Woelpper, the builder of the rows, is listed as "significant." In 1998, the Commission approved the demolition of 1820-1830 Park Mall.

Mr. Farnham concluded that the application demonstrates the existence of financial hardship: the retention and rehabilitation of these historic buildings would place a financial hardship on this non-profit institution. When judged in a comprehensive manner that takes into account the spatial constraints of the campus, shrinking state funding, the growth of the student body, and other salient factors, the scheme proposed in this application, with some design improvements and enhancements, presents the best solution to the complex problem. Mr. Tyler noted that mere stabilization of the properties would cost $3.5M, a significant amount of money for a public institution that receives limited funding from the State.

Tony Forte, Esquire, attorney for Temple University, introduced Hyman Myers, of Vitetta, the architect for the project; Martin Dorph, Vice-President, Chief Financial Officer and Treasurer of Temple University; and Marvin Gerstein, Director of Planning and Design for Temple. Mr. Forte explained that Temple explored other uses for these buildings, including residential, as well as the costs of converting the existing spaces for the proposed use. Mr. Myers explained that the proposed use, a student health services and academic resource center, requires approximately 75,000 square feet, but the extant buildings only have 59,000 square feet of usable space. Also, the existing buildings have varying floor plates and are configured in small rooms, making the design of the spaces extremely difficult.

Mr. Myers described the proposed new construction and showed a computer rendering of the design. The conceptual design calls for retaining the front façades of all of the buildings and the side and part of the rear façade of 1800 Park Avenue. The new construction would be made of brick and spandrel glass. The north wall currently does not have a finished end, but will have one of new construction. This also allows the project to have more square footage at this end of the development. Mr. Tyler noted that the design of the north wall will be discussed at the Architectural Committee meeting on January 27th. Mr. Steinberg inquired if the university had a master plan for the campus in order to view the development in a larger context. Mr. Dorph explained that the university has a strategic plan that is programmatic in nature but not one that is site oriented. Using a map, Mr. Dorph described the basic geography of the Temple campus: housing and parking are located at the periphery to the north and south; academic buildings form an interior ring, and student services and administration offices stand at the core of the campus. The logical place for the services this development will provide, student health and tutoring, would be at the core of the campus.

John Gallery of the Preservation Alliance said that he believed Temple's to be the most thorough financial hardship application that he had seen, and the Alliance supported the staff's recommendation for approval. He commended Temple for reaching out to private developers to investigate the use of these buildings for residences.

Mr. Steinberg made a motion to recommend a finding by the Commission of financial hardship, pursuant to Sections 14-2007(f) and (j) of the Philadelphia Code and Section 9 of the Rules and Regulations, with the understanding that the design of the new construction will be discussed by the Architectural Committee. Mr. Rivera seconded the motion, which passed by unanimous vote.

<u>1801-3, 1905-09, 1811-13 Walnut Street, 126-32 South 18th Street, 1812 Sansom Street</u>

Owner: Hal Wheeler, Philadelphia Rittenhouse Investors, LLC
Applicant: David Polatnick, architect
History: 1801-03 Walnut Street - built 1896-98, Peabody & Stearns, architects, significant
1805-09 Walnut Street - built c.1910, Paul Davis, architect, contributing
1811-13 Walnut Street - built 1900, Newman, Woodman & Harris, architect, significant in district
1812 Sansom Street - built c. 1970, non-contributing
126-32 S. 18th Street - built c.1840, 126- refaced c. 1915, 132- refaced c. 1932 all listed as contributing in district
Project: Demolish 126-32 South 18th Street in whole or significant part; totally demolish 1812 Sansom Street, demolish all but the façade of 1811-13 Walnut Street, construct a 27-story tower, demolish the mechanical penthouse of 1805-09 Walnut Street, rebuild the garden wall of 1801-03 Walnut Street.

Mr. Baron presented the application, which calls for the demolition of 126-132 South 18th Street in significant part, 1812 Sansom Street totally and the demolition of all but the front facade of 1811-13 Walnut Street. The applicant may rebuild or retain the facades of 126-132 South 18th Street. The development involves the construction of a 320-foot or 390-foot residential tower set behind and cantilevered over the Allison building at 1805-09 Walnut Street. The plans call for retaining only the façade of the Rittenhouse Club on Walnut Street with the tower sitting back substantially from that façade. The applicant has presented a demolition argument based on economic hardship. The Commission voted on 8 November 2000 to approve a similar project in concept; however, that conceptual approval was for a different plan and has expired.

Neil Sklaroff, Esquire, introduced Graham Wyatt, from Robert A.M. Stern's office and architect for the project; Hal Wheeler, developer for the project; and David Polatnick, project architect. Mr. Wyatt, using a model, described the project, which encompasses eight properties. The Van Renssalear mansion will remain untouched. The mechanical penthouse at the Alison Building, 1805-09 Walnut Street, will be demolished. The Rittenhouse Club originally was two rowhouses built in the mid-19th century. The club consolidated them and had the front façade added in 1900 and then added a penthouse circa 1960. The entire building except the front façade will be demolished and rebuilt. Mr. Wyatt noted the social importance of the Rittenhouse Club, as well as the architectural significance, and stated that the developer sees this as an asset for the project. The four buildings along South 18th Street will be demolished in whole or in part and the building at 1812 Sansom Street, a non-contributing building in the district, will be demolished totally. Mr. Wyatt described the condominium tower, which will have one entrance through the Rittenhouse Club and one through the garden of the Van Renssalear mansion, off of South 18th Street. The garden wall of the mansion will be rebuilt to align with the new tower entrance and the garden will be raised to meet the grade-level of the street, without affecting the mansion. Also, the development includes transferring the development air rights of the Alison Building and Van Renssalear mansion to the tower, further securing the preservation of those two buildings.

Mr. Wyatt then explained the physical conditions of the Rittenhouse Club and the four buildings on South 18th Street. In the Club, much deterioration has taken place, including the removal of all interior trim and decoration, and many areas are unsafe. There are masonry-bearing walls with wood construction and currently the building does not meet code for fire and safety. The structure is largely intact, but internal rainwater leaders at the front wall have allowed water infiltration and all of the joists are rotted at the pockets. He conceded that it would be possible to save the building, but only by using heroic measures. The most cost-effective procedure would be to stabilize the façade and to replace the structure behind it.

In the South 18th Street buildings, the deterioration is not as severe, but still substantial. Basic mechanical, electrical, and plumbing upgrades are necessary. The wood joists have decayed and settlement has occurred at the bearing walls. Mr. Wyatt also noted that erosion has occurred under the footings of two of the buildings. He said that these buildings would be easier to retain, if the economics justified it, but, again, the necessary structural repairs are extremely costly.

Mr. Tyler noted the condition of the Rittenhouse Club and asked if any of the present partners had had an ownership interest in the property during the period of neglect. Mr. Wheeler responded in the negative. He explained that the club sold the building in 1998 to the Real Estate Investment Trust, a Chicago company, and he had an option to purchase it. He never had fee simple title to the property. The Chicago company owned the building until 2002. Mr. Wheeler does not know when the finishes were removed or if any maintenance was done on the building.

Mr. Wheeler explained the financial aspects of the application. For the Rittenhouse Club, the developer considered commercial on the first floor and office space on the upper floors as the highest and best uses for the building. Even retail would be difficult because the building is not handicapped accessible and the windows are not large enough for displays. The rehabilitation costs for the building amount to $5.8M, plus an additional $1M for asbestos abatement. The rental for the building, at $40/square foot for the 12,000 square feet of retail and $20/square foot for the 17,000 square feet of office space, only leads to just more than $160,000 of profit each year. That number stands only if there are no major upgrades or repairs necessary on the building, since these costs cannot be passed through to the tenants; otherwise, the profit would be even less. Mr. Wheeler showed the Committee members similar costs versus return for the rehabilitation of the four buildings on South 18th Street. Mr. Wilds and Mr. Wheeler engaged in a further discussion of the financial analysis of the Walnut Street and South 18th Street properties. Mr. Wilds noted the conservative assumptions underlying the submission and concurred in its conclusion on the inadequacy of the rate of return

Looking at the model, Mr. Steinberg noted that the design shows the façades of the four buildings on South 18th Street, but not the roofs or dormers. He asked if the architects had considered demolishing them completely and designing a contemporary termination for the tower at the street level. Mr. Wyatt said that they had formulated a design that did not incorporate the present buildings, but the new design would keep the massing of the existing structures with a setback of approximately fourteen feet. Mr. Rivera inquired about saving thirty or sixty-five feet of the South 18th Street buildings, rather than just the skin of the façades. Mr. Wyatt explained that the footprint of the tower as proposed is 7,500 square feet. This includes square footage for servicing, elevators, fire stairs, and other elements necessary to meet code. The housing units range from 1,000 to 7,000 square feet. If the South 18th Street properties were kept in total, the tower's floor plates would only measure 2,500 square feet, making the tower infeasible structurally and economically since all of the square footage would be taken up by the necessary systems and elements.

Gersil Kay of Building Conservation International thought the design was fine except for the demolition of the buildings and noted that every restoration requires the upgrade of mechanical systems. She then asked the developer and architect several questions.

Mr. Gallery noted that, when reviewing a case based on financial hardship, it is important not to be distracted by the design, especially when it is of such high quality. He said that he was persuaded in the case of both the Rittenhouse Club and the South 18th Street properties that a hardship existed and that it was unlikely another investor would preserve the building; however, the case was made in the oral presentation, not the written application.

David Traub, an architect and area resident, attended a function at the club in the mid-1980s and the condition was very good at the time. He believed the best use of the club is for a non-profit, such as an alumni club or museum, so that financial hardship is not an issue. The building should be a public amenity, not a private residence. He also commented on the design of the tower, noting that its setback changes the streetwall of the square, while all of the other high-rises around the square, except the Rittenhouse Hotel, are at the sidewalk.

Stuart Feldman commented on the obligation of owners of properties to maintain them.

Marvin Halbert said that he was sorry to see the four commercial properties on South 18th Street removed for the development, especially the hardware store.

Mr. Steinberg made a motion to recommend to the Commission a finding of financial hardship, pursuant to Sections 14-2007 (f) and (j) of the Philadelphia Code and Section 7.5 of the Rules and Regulations, with the understanding that the design of the new construction will be discussed by the Architectural Committee. Mr. Rivera seconded the motion, which passed by unanimous vote.

The Committee adjourned at 12:05 p.m.

Respectfully submitted,

Laura M. Spina
Historic Preservation Planner