REPORT OF THE COMMITTEE ON FINANCIAL HARDSHIP
PHILADELPHIA HISTORICAL COMMISSION

TUESDAY, 21 APRIL 2009
ROOM 578, CITY HALL
SAM SHERMAN, CHAIR

PRESENT
Sam Sherman, Chair
David Amburn
John Haak, City Planning Commission
Bob Thomas

Jonathan Farnham, Executive Director
Jorge Danta, Historic Preservation Planner II

ALSO PRESENT
Sabra Smith, Preservation Alliance
Elise Vider, Preservation Alliance
John Gallery, Preservation Alliance
Randal Cotton, Preservation Alliance
Craig Maener, Senior Care
Anthony Forte, Esq., Saul Ewing
Avis Allman, Allman Financial
Boris Ozer, Allman Financial
Stephen Perna, Perna Frederick Commercial Real Estate
James Plunkard
Kasme Kelly, John Buck Company
William Schwartz, Esq., Obermayer, Rebmann, Maxwell & Hippel, LLP.
Lynne Fox, Hillman Medical Center
George Hoez
Ron Street, Northstar Advisors
David Radomski, John Buck Company
Michael Mattioni, Esq., Mattioni Ltd.
David Brownlee, Design Advocacy Group
Hercules Grigos, Esq., Obermayer, Rebmann, Maxwell & Hippel, LLP.
Rev. Karen Hart, Lutheran Church of the Holy Communion
Shawn Evans, AOS Architects
Rev. Nate Walker, First Unitarian Church
Mykola Kulish

CALL TO ORDER
Mr. Sherman called the meeting to order at 9:00 a.m. Messrs. Amburn, Haak, and Thomas joined him.

2116-32 CHESTNUT STREET

Owner: Sidney Hillman Medical Center of the Male Apparel Industry
Applicant: William Schwartz, Esq.
History: 2116-32 Chestnut Street, Magaziner & Polss, architects, 1950
Contributing to Rittenhouse Fitler Residential Historic District, 2/8/1995
Project: Demolish buildings, construct mixed-use tower with parking

OVERVIEW: This hardship application proposes the complete demolition of the buildings at 2116-32 Chestnut Street and the construction of a 32-story, mixed-use building on this and an adjacent lot. The architectural firm of Magaziner & Polss designed the Sidney Hillman Medical Center building at 2116-32 Chestnut Street in 1950. It was used as a medical clinic for the needle workers labor union that still owns the property. The property is within the boundaries of the Rittenhouse Fitler Residential Historic District and classified as Contributing in the district. Section 14-2007(7)(j) of the Philadelphia Code states that:

> No permit shall be issued for the demolition of … a building … located within an historic district which contributes, in the Commission's opinion, to the character of the district, unless the Commission finds that issuance of the permit is necessary in the public interest, or unless the Commission finds that the building … cannot be used for any purpose for which it is or may be reasonably adapted.

The applicant has submitted a hardship application claiming that the property cannot be used for any purpose for which it is or may be reasonably adapted. This Committee on Financial Hardship must determine whether this claim is confirmed by the facts and then offer an advisory recommendation to the Commission based on that determination.

The hardship application does not address the property at 2115-27 Sansom Street, which is non-contributing. The Commission may approve the demolition of a non-contributing building without a finding of hardship. Therefore, the Sansom Street property should play no role in this Committee's deliberations. Any claim that the hardship application for the Chestnut Street property is incomplete because it lacks information about the Sansom Street property should be dismissed.

Hardship applications undergo two assessments for completeness. Beware of claims that blur the distinctions between the two types of assessments. First, before forwarding this application to the Committee and Commission, the staff assessed it and deemed it complete. This declaration of completeness only indicates that the application warrants review by the Committee and Commission; it does not necessarily indicate that the application contains all of the information necessary for the Commission to render a decision. This first assessment for completeness is governed by Sections 7.5.b.1 and 7.5.b.2 of the Rules & Regulations.

Second, the Commission and its advisory bodies assess the application to determine if it contains all of the information necessary to render a decision. This second assessment for completeness is governed by Section 7.5.b.3 and, in the case of non-profits, Section 9.2.c of the Rules & Regulations. The Commission may request additional information such as evaluations and studies. The Committee may recommend to the Commission that it request additional information, but neither the staff nor the Committee can refuse to review the application owing to incompleteness because it lacks this information.

The Committee should ignore all but one fact about the property's historical significance. Except the fact that the Chestnut Street property is classified as Contributing to the historic district, the historical significance of the Chestnut Street building should play no role in this Committee's deliberations. Beyond its classification as Contributing, its historic value, or lack thereof, is irrelevant to the hardship review. Hardship applications for Contributing, Significant, and individually designated properties are all subject to the same level of scrutiny. Any claims that this application should be evaluated more rigorously because of its greater significance should be dismissed.

One day before the Committee on Financial Hardship review, the Preservation Alliance submitted an analysis of the hardship application. The staff has subsequently updated its overview of the application, adopting some aspects of the Alliance's analysis, refuting others.

The staff suggests that the Committee reject the Alliance's claims that the hardship application is incomplete owing to its lack of information on the Sansom Street property. The hardship application addresses the Contributing property only. The proposed demolition of the Non-contributing Sansom Street property is a matter for the Architectural Committee, not the Committee on Financial Hardship.

Second, the staff suggests that the Committee ignore the Alliance's material on the historical significance of the building. The ordinance and Rules & Regulations define one hardship review process for all Contributing, Significant, and individually designated properties. All hardship applications for properties of these classes warrant thorough and rigorous reviews. The applicants have not challenged the district classification.

The application presents an analysis of the cost to rehabilitate the building as Class B+ office space and the resulting return on investment. The renovation cost analysis is provided by Northstar Advisors. It contains some information about the Sansom Street property, which is not relevant and should be factored out. An appraisal of the building in its current and renovated state is provided. The appraiser claims that the total cost of Class B+ office space (value of property in "as is" condition plus renovation costs) would be $13,077,800, but the value of the resulting Class B+ office building, triple net rental to a single tenant, would only be $6,500,000. The appraiser therefore concludes that the renovation would not be feasible. Also, the Real Estate Profit and Loss summaries for 2007 and 2008 indicate that the property has been operated at a loss for those years. The statement from Perna Frederick Commercial Real Estate indicates that the property was marketed for redevelopment and concludes that the current proposal to partner with the John Buck Company is the only viable option. The statement claims that all offers for the property were predicated on the demolition of the building.

The staff has reviewed the analysis and Alliance assessment of it and offers the following comments:

- There are inconsistencies between the appraisal and renovation cost estimate. The renovation costs are not consistent across documents. The appraisal refers to a version of the cost estimate that was not submitted.
- The $2.3 million value for the property as it current is should not be included in the analysis; if this value takes into account the historic designation, as it should, then it indicates that there are potential buyers who would adaptively reuse the building. The current value should be $0 if there are no buyers.
- The renovation cost estimate includes costs for the Non-contributing building on Sansom Street. They should not be included.
- The renovation cost estimate includes work that does not meet historic preservation standards. Those costs should be revised.

- The hardship application is complete in the first sense, pursuant to 7.5.b.1 and 7.5.b.2, ie it was ripe for review by the Committee and Commission, but the staff contends that it may not be in the second sense. The staff agrees with the Alliance that additional information regarding the attempts to market the property and the explorations of potential reuses should be presented.
- The Alliance claim that this property would be eligible for federal preservation tax credits should be questioned. The property is listed as an Intrusion in the district.
- The Alliance claim that the building was constructed with foundations for an addition is not documented, but should be explored.
- The Alliance claim that the building has been neglected and the hardship self-induced should be questioned. The preservation ordinance requires that the exterior and those interior features that support the exterior must be kept in good repair. It does not require that the interior be maintained in good condition.

STAFF RECOMMENDATION TO COMMITTEE ON FINANCIAL HARDSHIP: In light of open questions and new information, the staff withholds its recommendation.

DISCUSSION: Mr. Farnham presented the application to the Committee on Financial Hardship. Attorney William Schwartz represented the application.

Mr. Farnham presented a revised staff overview that accounted for new information received the previous day. He did not present a staff recommendation because the staff had not had an opportunity to fully review the new information from interested parties. He noted that the application to demolish the Sansom Street property, although included in the overall application for demolition and new construction on the consolidated lot, should not be considered by the Committee on Financial Hardship because the property is classified as Non-contributing in the district and therefore not subject to the hardship-public interest test for demolitions. Mr. Farnham stated that the staff had the authority to approve a building permit application for its demolition without referral to the Commission. It would not exercise that authority, but would instead forward the application to the Architectural Committee and Commission, not because the staff objected to the demolition, but because it deemed the application worthy of a public review. Mr. Farnham summarized the hardship application, which claims that the conversion of the building to Class B+ office space would not be financially feasible. He stressed that the historic significance of the building should not play a role in the review of the hardship application.

Mr. Schwartz asserted that the building is “not sustainable” currently and would not provide a reasonable return on investment after a renovation. He stated that the floor plan of the building is a major impediment to its profitability. The space is not compatible with renting. He noted that the building currently only generates $800 per month in income, for the rental of the pharmacy space on the ground floor. He also added that most of the building is currently vacant and that, if the application fails, the owner would be forced to close the building. Mr. Schwartz clarified that the financial hardship application only refers to the Chestnut Street property, not the Sansom Street property. He noted that the cost to rehabilitate report dated 31 March 2009 was included in the application in error; a revised report dated 3 April 2009 should have been included instead. He clarified that the April report focuses its analysis on the Chestnut Street property alone. Mr. Schwartz submitted a summary sheet comparing the two reports to the Committee members. The summary indicated that the later report provided the renovation costs of about $1 million less than the earlier report.

Lynne Fox, the president of the Hillman Medical Center, addressed the Committee. She stated that she had been a trustee of the Center since 1995, and had become president in 2001. Ms. Fox attested to the accuracy of her affidavit. She claimed that the Center had been operating at a loss for a couple of years and that it would be forced to close if the current deficit is not overcome. She noted that the property had been marketed, but no tenants had been secured. She argued that the overhead is unsustainable and the space unmarketable in its current condition. She claimed that the building is not rentable. She added that the building had outlived its usefulness. She noted that the union had 25,000 members when the building was constructed in 1950. Mr. Sherman asked what percentage of the building is currently occupied. Ms. Fox answered that the tenants and the union combined occupy approximately 50% of the space. The union occupies the entirety of the second floor. Mr. Sherman asked if those tenants paid a substandard rent. Ms. Fox answered that they did and only stayed in the space as a favor to the union. Mr. Thomas asked if the union is considered a non-profit. Ms. Fox answered that it is a non-profit. Mr. Thomas noted that non-profits are eligible for tax credits and grant programs and inquired whether the applicant had investigated those options. Ms. Fox answered that the union's attorneys had looked into grants, but had not been successful. She claimed that the Center would not qualify for most grant programs. Mr. Sherman asserted that the hardship application should have included a pro-forma that assumed a 5-10% vacancy rate after renovation.

Ronald Street from Northstar Advisors addressed the Committee. Mr. Street stated that he was an engineer by training with over 20 years of experience in construction cost estimation. He stated that he conducted an inspection of the interior and exterior of the property on 26 March 2009 and his findings are reflected in the report. He stated that he found substandard mechanical systems throughout the building. He contended that the building could not be rented profitably; the floor plate is obsolete and the condition is poor. He clarified that his report dated 31 March 2009 included both the Chestnut and Sansom Street properties and the report dated 3 April 2009 included only the Chestnut Street property. He added that the April report showed the reductions taken after the exclusion of the Sansom Street property. He claimed that the numbers reflect a minimal cost of rehabilitation. Mr. Sherman asked whether the costs were based a worst-case or mid-range estimate. Mr. Street answered that the analysis is based on mid-range, not worst-case, estimates. He also noted that he was not able to inspect everything in the interior of the building and thus his estimate includes contingencies. Mr. Street remarked that all of the mechanical systems as well as the electrical system are original and outdated and must be replaced. Mr. Sherman noted that the systems appear to have been maintained but not updated. Mr. Street stated that they were maintained but that many components had reached the end of their lives and could no longer be repaired. He stated that the newest mechanical unit in the building, a cooling tower, is seven years old. Mr. Schwartz stated that any rehabilitation would use union labor. Mr. Sherman asked if it was uncommon to see outdated mechanical and electrical systems in a building of this age. Mr. Street answered that it was uncommon. Mr. Sherman noted that the report does not include tenant-fit-out, only core renovations. Mr. Haak added that a study of different uses would have yielded different results with different numbers. Mr. Street agreed and stated that the only use considered by his report was the office use. He agreed that a study of a residential conversion would have yielded different results. Mr. Sherman asked about the condition of the roof. Mr. Street answered that it had leaked, but was patched. Some areas of the building have newer roofs. Mr. Sherman opined that the building has not been neglected, but also has not been modernized. Mr. Haak asked how much rentable square footage the Class B+ rehabilitation would produce. Mr. Street answered that he estimates a gross, not net, total of 38,000 to 40,000 square feet.

Appraiser George Hoez addressed the Committee. Mr. Hoez stated that he is a certified appraiser with 38 years of experience. He stated that he conducted an inspection of the interior and exterior of the building on 30 March 2009. He opined that the building is poorly designed by today's standards. He classified the overly-wide corridors, substantial lobby, and unnecessary elevator lobbies as wasted space. He claimed that the building has few windows and the daylight in the interior is poor. He claimed that the auditorium cannot be converted into rentable space. He agreed with the findings of the rehabilitation report and argued that the building could never become Class A office space. He stated that Class B+ is the highest rating this space could attain. He stated that his estimate that the building would be worth $6.5 million after a renovation was accurate. He opined that, even if the costs of rehabilitation could be cut in half, the building would still not be profitable. He further opined that the building could not be reasonably rehabilitated and should be demolished. Mr. Sherman noted that the Committee members only received a summary of the appraisal report and not the full report. He asked if the full report was available. He stated that he needed to see the comparables. Mr. Hoez answered that the full report with supporting documentation could be made available to the Committee members. Mr. Hoez stated that the report focused on three topics, the value of the building as-is, the costs of renovations for complete rehabilitation, and the rents in the area for similar properties. He noted that land sales in the area were researched and considered. He concluded that the value of the rehabilitated building for Class B+ office space would be the same as the value of the undeveloped land. He argued that the highest and best use of the property is demolition. He further stated that, regardless of the rehabilitation costs, the site lacks parking and parking affects value in Center City. Mr. Sherman stated that historic certification also affects value. He asked the appraiser if he had taken the designation into account. Mr. Hoez stated that he had endeavored to take it into account, but that there is no clear-cut formula to gauge its effect on value. He opined that the impact of the designation depends on the property and its use. Mr. Thomas asked whether a residential use had been considered. Mr. Hoez answered that residential as well as other uses such as a charter school use had been considered. Mr. Thomas stated that non-profit uses such as a charter school would be eligible for grants and tax credits. Mr. Hoez stated that the current floor plan would not be conducive to such a use and that the finances would not support it either. He claimed that a residential use would be less profitable than an office use. Mr. Schwartz stated that the "obsolescence of space is a killer." Mr. Sherman asked about the size of the parcel. Mr. Hoez answered that the parcel is approximately 24,000 square feet and the building is approximately 38,000 gross square feet. He noted that the current floor plan only allows for 50% to 60% of the interior space to be rented. Mr. Haak asked if he had considered senior or specialized housing. Mr. Hoez stated that he had not and concluded that only demolition is reasonable.

Stephen Perna addressed the Committee. Mr. Perna explained that he is the principal of the Perna Frederick Commercial Real Estate, which was formed two years ago. He also noted that he has 23 years experience in commercial real estate. He estimated that 90% of his business involves the rental, leasing, or sale of commercial office space. Mr. Perna stated that the building is Class C office space currently and that the owner does not have means to undertake tenant fit-outs. He noted that redevelopment was the most feasible option. He opined that the building was designed for a single user occupant and it is neither efficient nor in good condition. He stated that his firm sought possible tenants after the Moss Rehabilitation Center vacated its space. Discussions with potential tenants lasted for a period of 12 to 16 months. Mr. Perna noted that the most promising prospective tenant was one seeking to develop senior housing, but the talks terminated when the prospective tenant failed to meet deadlines. After failing to find tenants, Mr. Perna sought partners to redevelop the site. Mr. Thomas asked if documentation of those negotiations could be provided. Mr. Schwartz answered that they never reached an agreement, but that a letter of intent was received. Mr. Perna stated that the party issued a letter of intent to purchase the cleared site; he negotiated with the party, but did not reach an agreement. He stated that he conducted a low-profile search and found that all prospective buyers were interested in a cleared site. He noted that all prospective tenants for the extant building required improvements, which the union could not fund. Mr. Sherman asked if Mr. Perna had disclosed the historic designation to the prospective buyers. Mr. Perna responded that he had. He claimed that no one was interested in renting or purchasing the building. Mr. Sherman asked about the approach taken to market the property. Mr. Perna answered that he used a multi-pronged approach and marketed it for both sale and lease. He also sought to redevelop it with a partner. He stated that accommodating the Sidney Hillman Medical Center on the site was a requirement of any deal. He again stated that it was not feasible to renovate the property. Between tenant improvements and broker's fees, a renovation would cost \$8 to \$10 million. The return would not cover the debt service. He noted that Mr. Hoez's estimate for the value of the renovated building, \$6.5 million, was accurate.

Avis Allman, a neighbor whose property is adjacent to the site, addressed the Committee. She stated that the law firm that represents the applicant has a conflict of interest because it has also represented herself and her family. Mr. Schwartz clarified that his firm does not agree that there is a conflict of interest. He also asserted that the Committee cannot adjudicate conflicts between private parties. Mr. Thomas agreed with Mr. Schwartz and asked Ms. Allman to continue. Ms. Allman stated that she was concerned about the results of the demolition and its effect on the neighboring structures. Ms. Allman noted that no documentation had been submitted to clarify the claims that the soil is contaminated. Mr. Sherman advised Ms. Allman that such concerns were not within the Commission's purview. Mr. Thomas added that other regulatory agencies would be responsible for assuring that environmental laws were met. Ms. Allman stated that she was opposed to the demolition and that she was not convinced that the documentation provided in the application proved that retaining the building would constitute a hardship. She stated that she is an accountant and an expert in non-profits and grants. She also noted that the property is not well maintained.

Attorney Anthony Forte addressed the Committee. Mr. Forte stated he represented the Lutheran Church adjacent to the site on Chestnut Street. He thanked the Preservation Alliance for its diligent research into the significance of the Hillman Medical Center. He agreed with the Preservation Alliance's letter of opposition and added that the application was not complete and lacked supporting evidence. He argued that the historic preservation ordinance requires the building owner to consider other uses. Mr. Forte stated that senior housing or an academic use should be considered. He claimed that the owner predetermined that the building could not be rehabilitated for a reasonable return. He argued that the law does not require the Commission to allow for the greatest return, but only a reasonable return. Mr. Forte noted that the operating budget is flawed because it does not consider renting the entire facility and moving the operations of the medical center to another location. Mr. Forte criticized the appraisal for lacking any supporting evidence. He claimed that the property owner found a developer who wants to demolish the site and then brought in consultants to produce a hardship argument after the determination had been made. He noted that the profit-loss statement does not take into account the value of the space occupied by the Sidney Hillman Medical Center. He noted that the property was only marketed to developers for residential redevelopment. He claimed that the owner had not made a good faith effort to reuse or market the property. He objected to the claim of hardship in light of the fact that the applicant's own consultant testified that the property had not been well maintained.

Mr. Sherman stated that the role of the Committee is to balance the interests of historic preservation with those of economic development. He asked Mr. Forte if he would be opposed to the demolition. Mr. Forte answered that the Commission should not approve the demolition of a designated building without a thorough review. He stated that his firm had submitted several hardship applications in the past and that several scenarios for rehabilitation had always been presented. Such scenarios are clearly missing from this application. He noted that the Commission has set standards for the review of hardship cases and those standards must be met.

Attorney Michael Mattioni addressed the Committee. Mr. Mattioni stated that he represents the Unitarian Church across Chestnut Street. He echoed Mr. Forte's comments. Mr. Schwartz stated that the applicant is currently negotiating with both religious institutions. Messrs. Forte and Mattioni agreed that they were in negotiations over the design of the new building.

Mr. Haak noted that the ordinance requires the submission of a pro-forma, which includes rate of return calculations. A pro-forma is missing from the application. Mr. Farnham clarified that the Rules & Regulations are very clear about the minimum requirements for every application. A pro-forma is not required. However, the Commission may request additional documentation such as a pro-forma.

John Gallery from the Preservation Alliance addressed the Committee. He stated that he had reviewed every hardship application presented to the Commission in the last six years and that all of them included a rate of return pro-forma study. He stated that, according to Section 7.5 of the Rules & Regulations, the demolition application for the Non-contributing building must undergo a hardship review as well. Mr. Farnham adamantly disagreed with Mr. Gallery. Mr. Farnham clarified that the ordinance does not require a finding of financial hardship for the Commission to approve the demolition of a Non-contributing building. He stated that Section 7.4 of the Rules & Regulations governs the review of demolition permit applications for Non-contributing buildings and does not require a hardship review. He noted that the staff is authorized to approve the demolitions of Non-contributing buildings. He also stated that during his seven years at the Commission, the Commission has never required a hardship review for a Non-contributing building. He advised the Committee to reject the claim that the hardship application was incomplete because it lacked information about the Sansom Street property.

Mr. Gallery asserted that information vital to assessing the hardship claim for the Chestnut Street property is missing and must be provided before the Commission can make a judgment. Mr. Gallery stated that the ordinance and Rules & Regulations require that the property is publicly listed for sale. He noted that a for-sale sign was never posted on the building. He also noted that the broker himself had testified that the property was marketed quietly. Mr. Gallery opined that this marketing approach precluded consideration of other uses for the property. Mr. Gallery stated that the medical center should look into the cost of conducting its business at a different location. He asserted the owner must fully investigate grants and tax credits to offset the cost of rehabilitation. Mr. Gallery stated that the value of the space used by the union should be accounted for in the analysis. He claimed that the owner had an obligation to market the property to the public for $2.3 million, the value assigned in the appraisal. He noted that the site had not been marketed for redevelopment in as-is condition, but only as a cleared site. He pointed to the broker's letter in which Mr. Perna states that property was marketed for redevelopment and for office space only. Mr. Gallery asserted this was not a serious effort to sell the property. He noted that the property was marketed in 2007, but not recently. The Commission should require that the owner again market the property. The applicants should disclose all offers for the property. He claimed that a charter school would be very interested in the property. He noted he is a board member of a charter school and that his school would be very interested in a property that includes an auditorium. Mr. Gallery provided information on the significance of the Hillman Medical Center to the labor movement. He stated that the National Register inventory only lists this property as an Intrusion because the property was not yet 50 years old at the time the inventory was created. However, he further stated that the inventory notes that the property would shift to a Contributing classification once the 50-year mark was met. The property would therefore be eligible for federal rehabilitation tax credits. Mr. Gallery did not submit any evidence to support this claim. He provided a copy of book published after the building opened in 1950. He observed that it states that the building was designed to accommodate a 50% expansion. Mr. Gallery criticized the cost estimates and stated that they were difficult to evaluate. He stated that the building has been neglected; the cost estimates should not include costs to perform deferred maintenance. Mr. Gallery concluded that the owner had not made a good faith effort to sell or reuse the building. He asserted that the information submitted to support the claim of financial hardship was insufficient for the Commission to render a decision.

Mr. Schwartz clarified that the Rules & Regulations require the submission of all listings of the property for sale or rent, price asked, and offers received, if any. He observed that Mr. Gallery ignored the “if any” clause. He noted that the prospective buyers never submitted offers; rather, they only noted their interest. Mr. Schwartz stated that the National Register inventory for the historic district does not stipulate that the classification of the building would shift to Contributing once it was 50 years old. He noted that the classification is plainly stated as an Intrusion in the district. Mr. Sherman asked if the applicants had sought to amend the classification and become eligible for tax credits. Mr. Schwartz answered that they had not. He added that Mr. Gallery’s statement regarding the interest of the charter school should be disregarded. He asserted that Mr. Gallery offers speculation only, but no “cold, hard” facts. Mr. Gallery quoted from Mr. Perna’s letter that several offers had been received. Mr. Gallery stated that the specifics of the offers were not provided, but should be included in the application. He noted that the Rules & Regulations clearly requires this information. Mr. Schwartz again reiterated his statement that letters of intent, but no offers, were received. Mr. Gallery stated that he would expect to see evidence that the owner marketed the building for $2 to $3 million dollars without the medical center, or less if the medical center was to remain on the site. Mr. Perna stated that the building was marketed un-priced, which is a common practice for commercial transactions.

Craig Maener, a tenant at the Sansom Street property, addressed the Committee. He stated his concern regarding the fate of his lease, which is in effect for four more years. He noted that the senior care facility he operates would be adversely impacted by the demolition. Mr. Sherman explained the financial hardship application review procedure to Mr. Maener. Mr. Maener stated that he would address his concern to the Commission.

Mr. Haak stated that the rehabilitation study includes costs that may not be required, such as ADA ramps and a stair tower. Mr. Schwartz noted that those costs would only apply if the building is completely rehabilitated. He stated that they are a small percentage of the overall rehabilitation costs.

Mr. Sherman stated that the application is missing a detailed pro-forma. He noted the application should also include information about possible construction projects that would not require the complete demolition of the historic building. He asserted that the applicant had not substantiated the claim sufficiently to allow the Committee to make a final determination. He stated that the applicant should study the addition of more stories to the building as well as uses other than the office use. He stated that the Committee must balance the public’s interest in the preservation of this historic building with the owner’s interest. He stated that the owner cannot be required to undertake anything that is not feasible or reasonable.

Mr. Amburn stated that the application was missing information about the rentable square footage after rehabilitation. He also encouraged the applicant to consider all possible tax credits for which the property and owner may qualify. Mr. Thomas advised the applicant to also submit information on a redevelopment scheme that would preserve the Chestnut Street building but demolish the Sansom Street building. He also indicated that the building may have been designed with the capability to accept additional floors, which should be studied as well. Mr. Thomas noted that there are locations in the city where redevelopment possibilities are very limited. He stated that application for the former Yellin Iron Foundry is a good example of the limited possibilities of some neighborhoods. However, he noted that this property had many possibilities owing to its prime location. He asked the applicants to document the marketing of the property with details on prices asked and offers made. He also asked them to further study a development at the rear.

The Committee members advised the applicant to augment the application with a pro-forma; information on all listings with prices asked and offers received; information on possible grants and tax credits for which the property and non-profit owner may be eligible; a statement of the rentable square footage in the renovated Hillman Medical Center building; an architectural study of a development at the rear on Sansom Street that would preserve most or all of the Hillman Medical Center building; an architectural study of an addition on the Hillman Medical Center building; and a study of other possible reuses in addition to the office reuse.

COMMITTEE ON FINANCIAL HARDSHIP RECOMMENDATION: The Financial Hardship Committee recommended that the Commission table the application for a period not to exceed six months to allow for the submission of additional information.

1907 GREEN STREET
Owner: Mykola Kulish
Applicant: Mykola Kulish
History: built c. 1859; contributing within the Spring Garden Historic District
Project: Legalize vinyl window installation

OVERVIEW: This application proposes to legalize the installation of fourteen vinyl one-over-one windows in the front façade of the building. The historic windows would be a wood, two-over-two, double-hung sash. The windows were installed without a building permit or Commission approval.

The applicant has submitted financial documentation that demonstrates his income level meets the Section 8 Eligible Guidelines established by the United States Department of Housing and Urban Development (HUD) of not more than 80% of the median income for Philadelphia.

An estimate from Architectural Window of Philadelphia Inc. was obtained for full replacement with wood, two-over-two, double-hung windows at a cost of $21,292.89. No information has been provided regarding the total cost of the vinyl window installation.

The staff suggests a compromise; the illegal vinyl windows could be replaced with the historically appropriate at a rate of two windows per year. The violation could remain in place but not enforced until all windows are replaced.

STAFF RECOMMENDATION: The applicant has demonstrated that he qualifies for the consideration under the "Unnecessary Hardship" provision.

DISCUSSION: Ms. Sell presented the application to the Financial Hardship Committee. Property owner Mykola Kulish represented the application.

Mr. Farnham stated that the staff did not provide the applicant's financial documentation to the Committee for confidentiality reasons. He explained that the staff reviews the financial information, keeps the forms confidential, and attests to the Committee that the applicant does or does not qualify for consideration under the Unnecessary Hardship regulation. Mr. Sherman stated that he has observed the property and the applicant has maintained it well over the years. Messrs. Sherman, Amburn, and Thomas agreed with the compromise put forth by Ms. Sell. The applicant stated that he will endeavor to replace more than two windows per year if he has the resources. He stated that he is eager to bring the building in compliance with the Historical Commission's standards.

COMMITTEE ON FINANCIAL HARDSHIP RECOMMENDATION: The Committee on Financial Hardship voted to recommend that the applicant qualifies for the consideration under the "Unnecessary Hardship" provision and that the City not enforce the violation provided the applicant replaces the illegal vinyl windows with historically appropriate windows at a rate of two or more windows per year.

ADJOURNMENT

The Committee on Financial Hardship adjourned at 10:30 a.m.