

**MEETING OF THE COMMITTEE ON FINANCIAL HARDSHIP
OF THE PHILADELPHIA HISTORICAL COMMISSION**

**FRIDAY, 2 OCTOBER 2015
ROOM 578, CITY HALL
SAM SHERMAN JR., CHAIR**

PRESENT

Sam Sherman Jr., chair
Melissa Long, Office of Housing and Community Development
Sara Merriman, Commerce Department
Robert Thomas, AIA

Jonathan Farnham, Executive Director
Randal Baron, Historic Preservation Planner III

ALSO PRESENT

S. David Fineman, Esq, Fineman Krekstein & Harris P.C.
Alex Brown, Esq, Fineman Krekstein & Harris P.C.
Patrick Grossi, Preservation Alliance of Greater Philadelphia
Kathy Dowdell, Preservation Alliance of Greater Philadelphia
Jared Brey, Plan Philly

CALL TO ORDER

Mr. Sherman called the meeting to order at 2:00 p.m. Mses. Long and Merriman and Mr. Thomas joined him.

ADDRESS: 201 S 13TH ST

Project: Legalize removal of balcony, stain brick on east façade, patch and paint masonry
Review Requested: Final Approval
Owner: Walnut Street Partners
Applicant: Joshua Horvitz, Fineman Krekstein & Harris
History: 1900, St James Hotel: Horace Trumbauer, architect
Individual Designation: 8/2/1973
District Designation: None
Staff Contact: Randal Baron, randal.baron@phila.gov, 215-686-7660

OVERVIEW: This application proposes the legalization of work at the historic St. James Hotel building, 201 S. 13th Street, including the removal of a large masonry balcony. The application was first reviewed by the Committee on Financial Hardship on 29 April 2015. The minutes from that meeting are included. The Committee recommended that the Commission table the matter to allow the applicants to provide three additional sets of information:

1. multiple bids from independent contractors pricing out various schemes to correct the illegal work and restore the appearance of the building,
2. a pro forma projecting the financial state of the building over 10 years that demonstrates how this building will perform, especially after it is renovated, and,
3. statistics regarding rentals and vacancies.

The Commission requested the additional information and tabled the application for 90 days at its May 2015 meeting. The applicant requested that the Commission table the application again at its August 2015 meeting because it had not yet gathered the requested information. At that time, the Commission required the applicant to submit any additional information by the close of business on 15 September 2015 and tabled the matter to its October 2015 meeting.

The applicant has submitted occupancy statistics for the last decade as well as income and expense information for the same period. The applicant has not provided independent bids for the restoration or a pro forma projecting the financial state of the building over the next 10 years.

STAFF RECOMMENDATION: The staff recommends that the Commission reject the claim of financial hardship and deny the application, pursuant to Standards 2, 5, and 6.

DISCUSSION: Mr. Baron presented the application to the Committee on Financial Hardship. Attorneys S. David Fineman, and Alex Brown represented the application.

Mr. Fineman explained that the building operates at a loss and that from time to time, they must collect money from the limited partners to cover costs. He claimed that the replacement of the cornice in any material would cost hundreds of thousands of dollars, which they cannot afford. He reported that the ornamental features of the building have suffered greatly from deterioration over many years. Several ornamental features have been removed, owing to the extent of deterioration. He asserted that the Historical Commission has been aware of the extent of deterioration and the removal of features and, yet, took no action until the current case. He contended that the lack of action in the earlier instances can be interpreted as supporting the actions of his client.

Mr. Sherman informed Mr. Fineman that his client would not be confronting this enforcement action if a building permit had been sought prior to the removal. Mr. Fineman replied that his client would have been making the same request.

Mr. Thomas stated that the Committee on Financial Hardship and Historical Commission requested additional information from the applicant, but most of that information was not provided. He emphasized the significance of the requested the pro forma for the building going forward 10 years, which would demonstrate whether the cost of the replacement of the cornice would induce a hardship. He questioned several expenses in the information that was provided, and contended that they would not be recurring costs. He also noted that insurance proceeds from the fire had not been included in accounting of the income and expenses. He also emphasized that capital investments in a property increases the value of the property. An accurate value of the property was not provided. Mr. Baron noted that one of the largest expenses in the yearly accounting for the past 10 years is the mortgage and interest. In this case, the mortgage greatly exceeds the purchase price of the property and seems to grow each year. Mr. Sherman explained the importance of securing independent bids for replacing the cornice in less expensive materials and amortizing that expense over a longer period of time. Mr. Thomas asserted that, given that the applicants have had sufficient time to develop and provide the requested information, but have failed to do so, the Committee on Financial Hardship and Historical Commission can and should act on the information that has been provided.

Mr. Fineman commented that the hardship process as contemplated in the historic preservation ordinance and Commission's Rules & Regulations is specifically designed to review demolition applications, not alteration applications. He claimed that this failure resulted in a lack of due process.

COMMITTEE ON FINANCIAL HARDSHIP RECOMMENDATION: Ms. Merriman moved that the Committee on Financial Hardship recommend that the Historical Commission reject the claim of financial hardship and deny the application for legalization, pursuant to Standards 2, 5, and 6. Ms. Long seconded the motion, which passed unanimously.

ADJOURNMENT

Ms. Merriman moved to adjourn at 2:50 p.m. Mr. Thomas seconded the motion, which passed unanimously.