THE MINUTES OF THE 280th STATED MEETING OF THE PHILADELPHIA HISTORICAL COMMISSION

3 May 1984

F. Otto Haas, Chairman

Present: Janet S. Klein, Vice Chairman of the Commission
Edward Pinkowski
Allen Beckman, Esq.
William Thompson
Commissioner Dudley Sykes, Department of Public Property
William F. Rafsky, Finance Department
Herbert W. Levy, A.I.A., Architectural Advisor to the Commission
Kenneth Cooper, Deputy City Solicitor, Law Department
Richard Tyler, Historian
Patricia Siemiontkowski, Architectural Historian

Also: Claude Gittinger, Vice President of Planning and Development for Hansen Properties
Marc Kaplan, Esq., Counsel for Hansen Properties
William O'Donnell, P.E., for Hansen Properties
Tom Hine, Philadelphia Inquirer
Leonard Boasberg, Philadelphia Inquirer
Lenore Millhollen, Center City Residents' Association
Ellen Miller, Let Lits Live Coalition
Edward Ravitch, Let Lits Live Coalition
Janet Terry, Foundation for Architecture
William Blades, Philadelphia Historic Preservation Corporation
Robert Jaeger, Philadelphia Historic Preservation Corporation
Eleanor Gesensway, Let Lits Live Coalition
Shelly Yaroff, Mayor's Office
Kathleen McKenna, Art Commission
Francis Hansen, Hansen Properties
Grace Gary, National Trust for Historic Preservation
Donna Ann Harris, National Trust for Historic Preservation
Penny McGaskill
Andrew H. Helm
Mary Beth Lonergan, Gray Smith's Office
Leslie M. Gallery, Foundation for Architecture
Jack Dichter
Peter Gifel, Hansen Properties
and others

Unless otherwise noted, all actions taken herein are the results of motions correctly made, seconded and carried.

In the absence of Mr. Haas, Mrs. Klein chaired the 280th Stated Meeting of the Philadelphia Historical Commission.

THE MINUTES of the 279th Stated Meeting of the Philadelphia Historical Commission held on 5 April 1984 were reviewed, approved and directed to be filed.

THE REPORT of the Architectural Committee for 18 April 1984, Herbert W. Levy, A.I.A., Chairman, Architectural Advisor to the Commission. Mr. Levy submitted to the members of the Historical Commission his Committee's report for 18 April 1984 and recommended its approval. Mr. Levy did suggest, however, that the Committee's recommendation pertaining to the Lit Brothers Department Store complex be removed from the report and acted upon separately. A motion to accept and approve the Report of the Architectural Committee for 18 April 1984, exclusive of the recommendation regarding Lit Brothers, was made, seconded and carried.

Following this vote, Mrs. Klein brought forward for discussion and consideration Hansen Properties' request for permission to demolish the buildings within the Lit Brothers Department Store complex, i.e., 701-739 Market Street, 720 Arch Street, 721-725 Filbert Street and miscellaneous structures.

Mr. Levy reported to the Commission members the recommendation of the Architectural Committee concerning Hansen Properties' demolition request. The Committee on 18 April voted, unanimously, to recommend that the Historical Commission approve a six month statutory delay on the demolition of the Lit's buildings and continue its efforts to ensure the buildings' preservation. Mrs. Klein thanked Mr. Levy for the Committee's recommendation. She next asked those persons present representating Hansen Properties to identify themselves and to submit to the Historical Commission any statement or information pertaining to their request.

Marc Kaplan, legal counsel for Hansen Properties, introduced himself as well as Claude Gittinger, Vice President of Planning and Development for Hansen Properties and William O'Donnell, P.E., of O'Donnell and Naccarato, Inc., Professional Engineers. Mr. Kaplan explained his intention to outline to the Commission Hansen Properties' involvement with the Lit Brothers' property since early 1983 and its efforts to develop and plan for its preservation and reuse. Mr. Kaplan reported that Hansen had studied the site for a year, expended over half a million dollars and purchased the property before concluding that their proposed development of the site for office/retail use could not be accomplished. In the opinion of Hansen Properties, the implementation of a new study and the development of a new reuse plan for the Lits complex would require more than six months to complete and would cost in excess of $200,000. This assumes the availability of all of Hansen's data including building surveys, marketing information, engineering studies, etc. Mr. Kaplan concluded that a delay of six months, at this time, would accomplish little more than the imposition of an additional burden on the owner of approximately $6000 a day in carrying charges and other costs or a total of one million dollars for the full six months. In view of these circumstances, he asked that the Commission allow Hansen Properties to demolish the buildings immediately.

Mr. Beckman expressed to Mr. Kaplan the Historical Commission's primary concern for the preservation of the facades of the Lit Brothers buildings and suggested that Hansen Properties examine retention of only the facades with completely new construction behind them. Mr. Beckman attempted further to ascertain how much of the buildings could be preserved without jeopordizing the buildings' structural integrity and without violating the Internal Revenue Service's 75% rule for certified historic rehabilitations. Commissioner Sykes explained that, structurally, almost anything could be accomplished at a price. Mr. Gittinger stated that Hansen Properties explored a number of options and decided to keep an 80' depth. Retaining less than 80' would require butressing and thus increase the cost of the project. In addition, keeping less than an 80' depth might have jeopordized the 25% investment tax credit for a certified historic rehabilitation. To be eligible for the 25% ITC, 75% of all exterior walls exposed to the elements or earth must be retained. In fact, keeping an 80' depth proved more efficient and cost effective for Hansen's purposes. Facade retention only did not appear to be a feasible and prudent alternative. Commissioner Sykes asked Mr. Gittinger if Hansen Properties had investigated other schemes for the Lits complex and how many. Mr. Gittinger replied that Hansen Properties looked at the Lits site for office/retail use only but that they did evaluate at least two dozen variations of the office/retail scheme. After signing the agreement of sale in February of 1983, Hansen Properties contracted with Halcyon of Hartford, Connecticut, a specialist in mixed use design and leasing. From February 1983 through September 1983, Halcyon undertook three separate studies of the complex while the architectural office of Cope Linder, specialists in office and retail design, developed a basic design approach to the project.

Mr. Pinkowski requested that these studies and others be made available to the Historical Commission. Mr. Gittinger agreed to give to the Historical Commission all of Hansen's design, engineering, financial and marketing data.

Following considerable study of the Lit Brothers complex, over a one-year period and at a cost of over half a million dollars, Hansen Properties determined that the proposed rehabilitation of the historic buildings for office/retail use would not prove a prudent investment. Given the existing market conditions in the area, a poor leasing environment and escalating construction costs and interest rates, Hansen Properties could not justify proceeding with the project at this time.

Hansen Properties did agree, however, to meet and talk with developers interested in either purchasing the Lits complex or entering into a joint venture with Hansen Properties. Copies of all studies and relevant data pertaining to the Lits project will be made available by Hansen, upon request, to any party. Hansen further agreed to consider dividing the Lits parcel and selling the building at 720-724 Arch Street separately at a price of $1,750,000. The selling price of the entire parcel stands at $10,250,000. This price increases by $6000 a day to cover Hansen's carrying charges and other costs.

Mr. Levy asked if Hansen Properties would consider mothballing the facades of the Lits buildings and placing surface parking on the area behind them. This would preserve the streetscape while permitting Hansen Properties to receive income from the remainder of the parcel. Mr. Gittinger explained that such an undertaking would not be feasible since the cost of facade retention alone could exceed $1,000,000.

At this time, Mrs. Klein asked if any of the visitors in the room wished to speak on the Lits issue.

Eleanor Gesensway, Chairman of the Let Lits Live Coalition, urged the Historical Commission to impose its six month delay on demolition to allow a search for a new developer to continue. Others who spoke in favor of preservation of the buildings and the importance of the six month delay included Ed Ravitch, Janet Terry of the Foundation for Architecture and Lenore Millhollen of the Center City Residents Association.

Following public comment, a motion to delay the demolition of the Lit Brothers Department Store buildings for a period of up to six months was made. Before receiving a second, a separate motion was offered by Mr. Beckman to table the vote to give the Historical Commission time to review all of the data which Hansen Properties offered to make available. Owing to the lack of a second, Mr. Beckman's motion died.

A second to the initial motion to delay the demolition for six months was made and the motion carried. The Commission members further agreed to conduct periodic reviews of the Lits matter and to reassess its position if necessary.

THE REPORT on Philadelphia Historical Commission Staff Activities for the month of April, 1984, Richard Tyler, Historian. The Historian's report was reviewed, approved and directed to be filed with the official copy of the Minutes.

There being no further business, the meeting adjourned at 5:10 p.m.

Respectfully submitted,

Patricia Siemiontkowski
Architectural Historian