COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING

COMMITTEE OF THE WHOLE and FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, June 10, 2004
10:00 a.m.

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BILL 040501 - An Ordinance authorizing the Mayor, on behalf of the City, to file applications with the United States Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG)...

PRESENT:

COUNCILWOMAN JANNIE BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN FRANK RIZZO
COUNCILMAN W. WILSON GOODE
COUNCILMAN BRIAN O'NEILL
COUNCILWOMAN MARIAN TASCO
COUNCILMAN FRANK DICICCO
COUNCILWOMAN DONNA REED MILLER
COUNCILMAN RICHARD MARIANO
COUNCILMAN MICHAEL NUTTER
COUNCILMAN JUAN RAMOS

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I N D E X

WITNESSES PAGE

PATRICIA SMITH, Director of Neighborhood Transformation..... 27

KEVIN HANNA, Secretary of the Office of Housing and Neighborhood Preservation..... 27

COUNCILWOMAN BLACKWELL: Thank you very much, everyone. This is a recessed hearing with regard to Community Development Block Grant and the Committee of the Whole. This is a recessed hearing for Bill No. 040571. We will also hear the resolution, the NTI resolution it's commonly called that's in the joint Committees of the Whole and Housing Neighborhood Development and the Homeless. That Resolution No. is on 400525.

We have heard all the testimony previously. I would say to my colleagues that we have been meeting regularly as recently as just a few moments ago in order to resolve issues that we were concerned about. We have a commitment on record. In the interest of time, I'll say this so that we can move on. We have two other hearings. We have another hearing dealing with PGW, so in the interest of time and since we did take all testimony, I will merely announce that we do have --

COUNCILMAN NUTTER: I didn't mean to interrupt. I'll wait until your statement is finished.

COUNCILWOMAN BLACKWELL: That we do have an agreement with the Administration dealing with the $15 million that as we requested that this be done in pipeline projects and that they will work with every District Councilperson to make sure that that is done.

Having said that, and as all of you know, that was one of my agreements that that issue not be dealt with. We do have a commitment. We have all of our housing folks in the room if you want to hear it, but I'm trying in the interest of time to move us forward since it is Thursday. We have these to do and we have hearings after this dealing with PGW. So if this is acceptable, we will immediate enter into our stated meeting as was our commitment because we heard all our testimony before we recessed until this morning.

COUNCILMAN NUTTER: Madam Chair.

COUNCILWOMAN BROWN: Yes, Councilman.

COUNCILMAN NUTTER: Thank you, Madam

Chair. In the context of the joint Committee hearing, and you are absolutely correct, we did hear a lot of testimony.

An issue has been raised recently with regard to the BSRP Program and possible decreases in funding with regard to that program, and I would like to get a little better understanding of what's going on with that either from the Administration or there are some housing activists who has raised some questions about that as well as the homeless prevention program and the heater repair program which seem to be suffering some --

COUNCILWOMAN BLACKWELL: Councilman, we can go through all this. We've been meeting with all of these people weekly and regularly. We took all of our testimony. I'm happy to meet with them. We've been talking about our Housing Trust Board for which we are still negotiating. But we've had all these meetings. It is up to the body.

If we want to take the time, Madam President, this morning, but we've been meeting with all the organizations. As the

amendment to Bill 501 indicates, we have tried to make sure that the funding remains unchanged. It was a battle. As it says, Point B, Page 147 deals with the shift. We've talked about the line item totals for those programs remains unchanged. It's been a battle to try not to hurt the programs that deal with seniors and others in our community.

We can renegotiate all of this if you would like to this morning, Madam President, but I will tell you that we've met with all the housing groups, we've met with the Administration, we've had these meetings as recently as this morning. We said we were finished with testimony and that this morning we would do stated meeting on all the legislation enclosed because it is our Council day.

And so I would like to, Councilman, if we can, to move forward so that we can get these bills reported out. It was very difficult to negotiate agreements with the Administration to commit to those things that District Councilperson, At-Large Councilpeople

are concerned with. And I sure would like us to move forward if we can.

COUNCILMAN NUTTER: Madam Chair, I am certainly in agreement that we have a time issue and I, obviously, respect the process that you've gone through and the negotiations. I guess the only issue I would raise, which is the issue that I raised earlier with regard to a couple of these programs, I do not know, one, was what the resolution was; second, with regard to the acquisition issue, I have no information whatsoever on the details of what you laid out in terms of what the agreement or resolution is on the -- I think, if I'm recalling correctly, I think you're talking about the $15 million. I have no idea what the result is of those discussions or what you meant by the statement about projects in the pipeline. I just do not know what that means.

COUNCILWOMAN BLACKWELL: Well, projects in the pipeline are those projects that the various Councilpersons worked with the Administration to request funding for.

Remember, we fought about this

$15 million because when the money for acquisition ran out, we weren't told that the money was running out. Therefore, we held up the whole process to make sure that those emergency projects, projects already started were not heard. It's much like building half a house and then halfway up by the time you get to the second story, you're told there's no more money to finish it. So we fought to try to get a little more money. We thought it would not hurt the City in terms of their debt financing, et cetera, wouldn't hurt the bond deal. We fought for them to try to get a little more money to finish the projects we had already started.

Just before we came in this room, we got an agreement in principle from the Administration they would work with each of you to make sure that those projects that you deem appropriate are those that they work on. So there is no more detail available than that.

And also, several months ago we sent a letter to each Councilperson saying that

Alicia Snead from my office was available to work with everybody on any such issues. So we've done all that we can to try to make sure that everyone is protected so that we can get $15 million and so that we can spend it in a way that you individually deem appropriate.

I do not have the specific information on your projects or money. I did not get it from Administration nor did I get it from any of you. That's fine. I'm just saying that we've done all we can at this point. It's time to move forward. If we want to report the Community Development Block Grant application as well as the NTI resolution out in Council this morning so that it can be approved next week for the funding, we need to move forward. That is my only point.

COUNCILMAN NUTTER: Madam Chair, again, I understand what you are saying. I have had not had any conversations with the Administration. I'm not sure what these pipeline projects are. But, again, similar to the distribution of previous dollars, I

thought the issue was one of every district would get a certain amount of base funding or base allocation whether you have a particular project, quote/unquote, in the pipeline or not. And so what I'm trying to do is get clarity on how the $15 million will be split up between and among the various districts. It's not about an equity issue but if there is a schedule anywhere which I am not seeing in the proposed amendment that shows on a district-by-district basis where those dollars are going and is that the amendment we're dealing with. I don't see that in this amendment to Bill 040501.

COUNCILWOMAN BLACKWELL: Apparently, the Administration visited district offices. I argued with them about that because we didn't know what they were doing. And they talked about an RFP process initially and using the old system by which the original allocations were made. I complained about that because we don't know what that means. We don't know in the RFP what happens and so we got a commitment in principle that each

person would be dealt with their projects. They would take the 15 million and they would deal with District Councilpersons on their emergencies or projects that were in danger of being lost or being stopped because they're in the pipeline. Many of you, for example, have projects that are in the middle PHFA financing, areas, for example, like mine in Mantua where I have two houses standing. The City was supposed to finish the project. We're in danger of losing anything because they didn't finish one small aspect of it. So the $15 million was put in the budget. We fought for that so that everybody would be protected about the emergencies or projects already underway. I mean, $15 million will not break new funding make because it's no money. But certainly, it only allows us to deal with those emergency projects already begun so that you don't lose the opportunity to finish up that project so that your people and your district doesn't suffer. That was the original request. That is in the transcript, and that is the reason why we

fought so hard and we have the Chief of Staff send us a letter of commitment for this $15 million. So we have an agreement in principle, and that is what I am asking that we move forward on, an agreement of principle so that we can ultimately report all of this legislation out of this Committee this morning and move forward.

COUNCIL PRESIDENT VERNA: Madam Chair, point of information, please.

COUNCILWOMAN BLACKWELL: Yes, ma'am.

COUNCIL PRESIDENT VERNA: I know that you have submitted this amendment, however, I have a very simple question. Does the allocation outlined in the letter that we received under date of June 1 still stands as far as the allocation for each Councilmanic District.

COUNCILWOMAN BLACKWELL: No, Madam President, it doesn't because it all depends on what your needs are. This way there's more flexibility about how the money is spent. See, they had various districts -- I understand they went around with a letter

listing specific amounts of money. I didn't agree to that discussion because we were having a private discussion about the process and they went to every office which is one of the reasons I fought them. And they also talked about an RFP process to make decisions. Who knows what that means. Therefore, I said you've got to tell us what that means. And this morning in caucus just before we came here, they in principle agreed they would work with everybody and make sure their projects are done. So instead of 2 million or 3 million, maybe you need 3 million 5. I don't know because I don't know the projects. But it does give the Council the ability to deal with this as they see fit. I didn't know what they were doing with that. Why they went around to all the offices, Madam President, I have no idea. However, I complained about it. I complained about an RFP process and said I think Councilmembers can spend a lousy $15 million, but they have agreed to deal with projects in the pipeline and then we worked it out from there.

As many as you know, we argued at our last meeting because two of my colleagues complained about the fact that they were so low on the list and they wanted parity; why don't they have what other Councilpeople have. So we have to look at it. We have an agreement in principle that they're willing to do that. And I commit to you that I will work with them and you to make sure that that happens.

COUNCILMAN NUTTER: Madam Chair.

COUNCILMAN MARIANO: Councilman Nutter, we're trying to find out technically what letter stands.

COUNCILMAN NUTTER: There's two June 1st letters now.

COUNCILMAN MARIANO: I think that's the confusion.

COUNCILMAN NUTTER: Right. Well, that's one thing. And then you've got an amendment to the CDBG versus an amendment to NTI.

COUNCILWOMAN BLACKWELL: Councilman, right now we are on CDBG. I believe that your

conversation is about NTI. Can we finish one and then do the other?

COUNCILMAN NUTTER: Actually, Madam Chair, it's about both. Because the other question is, in this amendment it says Page 149 is amended to add 10 million in CDBG funds to line item for land acquisition in year 30, Fiscal Year 2005 for a line item for land acquisition of $15 million in year 30, Fiscal Year '05 in state and CDBG funds.

So the first thing I'm try to understand is, is it $10 million or is it $15 million?

And there are restrictions on CDBG dollars that do not apply to NTI dollars. CDBG, as certainly you well know, can only be spent in CDBG eligible areas. NTI doesn't have the same restrictions. And these are proposed amendments to the CDBG budget, whereas, in the letter, this is clearly a proposed amendment to the NTI program and statement, which I thought I heard you say a few minutes ago is not the operative document or even the agreement that we're operating

under.

COUNCILMAN MARIANO: Councilman, do you think if we got a further clarification from Mr. Hanna and Ms Smith, would that help the situation?

COUNCILMAN NUTTER: Possibly.

COUNCILMAN MARIANO: Would you be all right with that, Madam Chair?

Mr. Hanna and Ms. Smith, could you please come to the witness table and help us clear this up?

COUNCILWOMAN BLACKWELL: Well, the Chair will take the prerogative to say that we will consider ourselves then still in public hearing. We recessed and we were only to do the stated meeting. That is why I made the statements myself. Had I known the body wanted to have public hearings all over again or to continue it, then we would not have even continued it until this morning because we took all our testimony.

Having said that, certainly, we can take as long as the body likes this morning, but it's up to you. But we were trying to get

this done as expeditiously as possible. That is why we took all the questions, we took all the testimony, and we worked with everybody in the middle to get this far this morning. And so I will yield --

COUNCILMAN GOODE: Point of information.

COUNCILWOMAN BLACKWELL: I will yield and I will permit those at the witness table to introduce themselves and make a statement.

COUNCILMAN GOODE: Point of information, Madam Chair.

COUNCILWOMAN BLACKWELL: Yes, sir, Councilman Goode.

COUNCILMAN GOODE: Would you mind asking Councilman Nutter if he opposed to us moving into a public meeting?

COUNCILMAN NUTTER: I'm sorry, I didn't hear you.

COUNCILMAN GOODE: Councilman, are you opposed to us moving into a public meeting?

In any event, what we would do in

the end is just offer an amendment or change an amendment.

COUNCILMAN NUTTER: I understand. The issue, Councilman, I think, between the public hearing and the public meeting, the only issue I raise about that is somewhere in the course of the past day or so there were issues raised about three programs that I mentioned earlier and there are some individuals here with us who wanted to put some testimony on the record expressing their concern with regard to the proposed cuts in the BSRP Program as well as some funding issues regarding homelessness prevention and the Heater Repair Program. I do not believe their testimony is in any way, shape, or form extensive, but obviously they would not be able to give it if we move into a public meeting which is only really for Councilmembers to have a discussion. That was the issue that I raised Chair at the start, and then we subsequently ended up in a larger discussion about the acquisition dollars. So the only reason I wanted to stay in the public

hearing was to ask if those individuals might have an opportunity to express their concern on the record. After that, I don't have any problem or any concern about going into a meeting. I'd like to get a better understanding of the acquisition issue and the conflict between the letter that lays out a schedule of how the 15 gets allocated versus the statement which is being made which is that an agreement in principle has been arrived out, but I don't I cannot tell how the dollars will be split up under that agreement.

COUNCILMAN GOODE: My point is simply that with all the business we have today, at some point we're going to have to make decisions within the body, not go back and forth to the Administration or go back and forth with witnesses. But at some point we're going to have to move into a number of different public meetings today and not waste time in a public hearing process.

COUNCILMAN NUTTER: I understand. I understand.

COUNCILMAN GOODE: Thank you,

Councilman.

COUNCILWOMAN BLACKWELL: Let me also say that, as I said, Councilman, we have been meeting with everyone. We've had regular meetings on the Housing Trust Fund. We met with all the groups. And this morning to -- and none of these individuals, no entities, no offices contacted me about additional testimony. We said our testimony was over. This is an open body. We're always happy to do that. We knew this was our last session before City Council and that is why we took all testimony. All the housing groups, we work with, always have, always will. But to have a whole new public hearing all over again certainly seems to me to be redundant in terms of us try to go get our stuff done.

To my colleagues, again, this whole question of how this $15 million is broken down, as I said, I did argue with the housing people because I can't tell you how this breakdown is, if it is correct, if it isn't. I don't have the projects. I don't have how their broken down. And that is why I got an

agreement of principle from them this morning for us to work that out and for them to work with each District Councilperson about your emergencies. I questioned this. I argued with them about this breakdown, and I argue with them about going around to each office to make it this way. That is why we are here and that is why we held up the application.

COUNCILMAN DICICCO: Point of order, Madam Chair.

COUNCILWOMAN BLACKWELL: Yes, sir, Councilman, DiCicco.

COUNCILMAN DICICCO: What was the objection to the visit by individuals to the individual Councilpeople to discuss the schedule? Why would there be opposition to that?

COUNCILWOMAN BLACKWELL: There is no opposition, Councilman. If everybody wants to sit and go through all public hearings, everybody here can testify, it's okay with me. We were not objecting to that.

COUNCILMAN DICICCO: I thought you said you were concerned about the fact that

they visited the individual District Council folks.

COUNCILWOMAN BLACKWELL: Oh, you're talking about Mr. Hanna and Ms. Smith?

COUNCILMAN DICICCO: Yes.

COUNCILWOMAN BLACKWELL: My debate with them was that we were in the process of discussing the issue. And in the interest of fairness -- we were talking about how we spend $15 million. Well, they made decisions and went around to everybody and went around to various district offices and discussed it. I had no idea what they were, what the projects are, and all of that. We were having a private discussion about how we breakdown the $15 million. I had no idea what they were doing. I still don't know what they said to each of you, and I don't know what this breakdown means. That was my debate with them. If it was my legislation to put this in for pipeline projects and emergencies that you may have and if we're having a private discussion in good faith, why would they go around to each Councilperson -- I didn't know

it until I got called on the phone from Joan Krajewski and Councilman O'Neill that this was happening. So I said my position is that if we were working in good faith, why did not I know as Chair of these Committees, being Housing Neighborhood Development and Homeless and the Finance, why wasn't I included in that conversation. So that was my argument with them. Obviously, they have to work with you on how they spend your money. But I was talking about in the spirit of cooperation to deal with the issue, they were not working with us in good faith.

So, Madam President, I will say if everybody wants to open it up, we can have all public hearings, we can discuss everything on the table; it's okay to me. I was trying to move things quickly in the interest of time. I met with them this morning, got an agreement in principle for you that protects us going forward. And I assume that all of you know this is my issue, this is my area of interest, and this is my heart and my commitment is. I thought we could move forward.

Having say that, I'm happy to do it any way the majority of Council would like to have it done.

COUNCILWOMAN TASCO: Madam Chair.

COUNCILWOMAN BLACKWELL: Yes, Councilwoman Tasco.

COUNCILWOMAN TASCO: It is my understanding when we were discussing about additional acquisition dollars and the Administration came up with the additional dollars that the money would be appropriated as it was in the original NTI Program. And so the Administration, having understood that, having that understanding that that is the process that we have followed in the past, seems to be the appropriate and the fair way to follow that process now. And if we are going to get additional -- and if they have identified $15 million that that appropriation should be based on the formula that we used before. And I think that was the formula that they were using in the past. And if we were going to change that formula, then I think that everybody on this Council, because we are

using taxpayers dollars, we have voted on this, should be part of that discussion and have a clear understanding of what we were being faced with today. I don't understand what "in principle" means. I may not have something right now in the pipeline, but I do not want to wake up one morning and what little bit of money I'm going is going to some other prioritized areas. I want to be very clear. So I think it is important that we discuss how they and why they came to this resolution and what we're voting today. I have no intentions of giving up my right to the dollars that have been appropriated to my district and that will be given to the 9th Councilmanic district to somebody whose going to make some decision on what priority it's going to be.

COUNCILWOMAN BLACKWELL:

Councilwoman, if the issue is if everybody wants to go by this list and those figured that the Administration did and not I, those figures handed out, and if -- I don't know where Councilwoman Krajewski who called me

where she is, because her number is low. She asked me why. I couldn't defend that. However, if the majority of Council -- if the issue is the breakdown that they submitted and that they went around and gave to you, if this is your issue, I'm fine. I'm happy to live with that.

COUNCILWOMAN TASCO: They can clarify it just by making one statement on how they developed the formula, and then we can be done with that because they did the first formula and we had to trust their preparation of the first formula. So if it was based on what they did the first time and we accepted that, then they used the same formula, we ought to accept that.

COUNCILWOMAN BLACKWELL: Councilwoman, if that is the issue and if that moves us off of the dime, I'm happy to submit to that as a recommendation and then we move forward. Will that get us where we need to go?

COUNCILWOMAN TASCO: I think we ought to ask them what was the process and

let's just move forward.

COUNCILWOMAN BLACKWELL: Again, I tell the Administration, when we work together, we don't have these problems; when we don't we have these problem. So now you understand. We've been around here a real long time. I've been around here longer than a lot of staff were born. And certainly, when we work together, we don't have problems. Problems are always a matter of communication. Thank you.

Is your Mike on?

MS. SMITH: Patricia Director of Neighborhood Transformation.

MR. HANNA: I'm Kevin Hanna serving as Secretary of Housing and Neighborhood Preservation.

MS. SMITH: Councilwoman, you were correct. We used the same formula which was looking at high, medium, and low vacancy districts and then proportionately allocating acquisition funds across those districts. It's consistent with what was approved by Council in the FY '04 budget.

COUNCILWOMAN TASCO: That sounds fine to me.

COUNCILWOMAN MILLER: One of the things that I believe is happening here, months ago when we talked about the 15 million and all voted, the word "pipeline" was not used. So this is a new factor placed on how this 15 million should be spent and that is what people are just not familiar with.

COUNCILMAN MARIANO: Councilman Nutter, you have questions for these witnesses?

COUNCILMAN NUTTER: Thank you, Councilman Mariano.

So I guess what I need to ask you, Ms. Smith or Mr. Hanna is, is there an amendment to the NTI Program statement and budget?

COUNCILMAN MARIANO: Can we have quiet here? It's difficult enough. We've got to hear him and we want to hear these answers. If you're going to talk, go outside. We're never going to get anywhere if we don't get through this part. Thank you.

COUNCILMAN NUTTER: Thank you, Mr. Chairman.

Ms. Smith, is there an amendment somewhere within the June 1st letter or are there a series of proposed amendments that deal with the issue that's been raised with regard to the $15 million?

All I have at the moment is a proposed amendment to the CDBG bill. What I'm asking is, is there a formal amendment to the NTI Program statement and budget that deals with the $15 million?

You may have other amendments as well. Where are they?

MS. SMITH: Attached to the June 1st letter is the companion piece for the NTI budget, and then this piece is for the CDBG ordinance. They go together. They can't be separated. They're linked together. And the cover letter references both sets.

COUNCILWOMAN TASCO: Is the breakdown of how the money will be appropriated for the districts in this amendment?

MS. SMITH: All that paperwork backs it up. Every page that would need to be changed, if Council so chooses to adopt this, has been submitted. All the schedules have been changed. As you flip through, you'll see where we say delete and replace.

COUNCILMAN NUTTER: The item under discussion, can you point that out?

There's obviously a schedule contained in the body of the letter. What I'm ask ing you is, is there a page --

MS. SMITH: Yes, sir. Towards the back you'll see a Page 33, delete and replace, and that reflects the letter.

COUNCILMAN NUTTER: So you've got a crossed-out 33 and a clean 33, and you're saying that that --

MR. HANNA: In the upper left-hand corner you'll see delete on the crossed-out page and a replace on the clean page.

MS. SMITH: What's also shown is the approved acquisitions as of the time this was developed and the remaining balance. The remaining balance reflects the increase.

COUNCILMAN NUTTER: Just so I'm clear on this, the new Page 33 starts out with $89 million at the top?

MS. SMITH: Yes.

COUNCILMAN NUTTER: Okay. And this schedule the middle box is the same as the schedule on the second page of the letter?

MS. SMITH: It's somewhat different because we just added -- we put the net increase in the balance remaining. So if you look at, for example, the 1st District, whereas it originally was 2.6, we added the 2 million to that so now the remaining balance is 4.7.

COUNCILMAN NUTTER: Right.

MS. SMITH: The letter just shows the net increase.

COUNCILMAN NUTTER: You put the 2,025,000 in the remaining balance?

MS. SMITH: Yes.

COUNCILMAN NUTTER: All right.

You're submitting both of these amendments to the budget?

MS. SMITH: Yes.

(Pause.)

COUNCILWOMAN BLACKWELL: Let me say in view of the other issues facing us -- and I apologize to PHA and PGW. It has been requested that we recess until noon. The Committee of the Whole and Finance, which is Community Development Block Grant Bill 040501; the Committee of the Whole and Housing and Neighborhood Development and the Homeless, Resolution 040525; the Committee on Housing, the Housing Trust Bill No. 040594; the PGW bills which are Bill Nos. 040153, 040328, 040559, 040599, and 040600; that we recess until noon to consider all of those issues. There are several other hearings that we had scheduled this morning as well.

Thank you very much. Thank you all very much for your patience. I apologize for those who were here. I know that the hearings would not have taken long, but in the interest of unit and cooperation, we will try to work with my colleagues to try to get this done. Thank you all.

(Council recess at 10:35 a.m.)

C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Thursday, June 10, 2004, were reported fully and accurately by me, and that this is a correct transcript of the same.

RE: COMMITTEE OF THE WHOLE AND FINANCE

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Lisa C. Bradley, RPR