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COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING AND PUBLIC MEETING
BEFORE COUNCIL COMMITTEE ON FINANCE

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, 5/31/01
2:07 p.m.

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BILL 010373 - Authorizing the Mayor, on behalf of
the City, to file an application with the United
States Department of Housing and Urban Development
(HUD) for a community development block grant; and
to take any and all other action necessary to
participate in the Section 108 Loan Guarantee
Program. . .

11

BILL 010348 - Declaring that it is desirable for the
health, safety, and welfare of the people of the
City of Philadelphia served by the Community College
of Philadelphia for the Hospitals and Higher
Education Facilities Authority of Philadelphia to
provide certain financial assistance to the
Community College of Philadelphia. . .

15

PRESENT: COUNCILWOMAN JANNIE L. BLACKWELL, Chair
COUNCILWOMAN MARIAN B. TASCO, Vice Chair
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK DICICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JAMES F. KENNEY
COUNCILMAN RICHARD T. MARIANO
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN ANGEL ORTIZ
COUNCIL PRESIDENT ANNA C. VERNA

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2 P R O C E E D I N G S

3 COUNCILWOMAN BLACKWELL: Good afternoon.

4 This will begin our Finance Committee hearing. The
5 first bill for consideration is Bill No. 010348.

6 A quorum being present, we can begin.

7 To my left is Councilman David Cohen. To my right,
8 President Anna Verna, and to her right, Councilman
9 James Kenney.

10 We will ask the clerk to read the title
11 of the bill.

12 THE CLERK:

13 COUNCILWOMAN BLACKWELL: Thank you very
14 much. Let me say good afternoon. Thank you for
15 your patience.

16 Please identify yourself for the record
17 and begin your testimony an welcome.

18 MR. CRAMP: Thank you so much. My name
19 is Donald Cramp. I am the Director of the Hospitals
20 and Higher Education Facilities Authority. I am
21 very pleased to be here with Austin McGreal to my
22 right, general counsel of the Authority; to my left,
23 Dr. Steven Curtis, President of Community College of
24 Philadelphia; and Mr. Kevin Scott, counsel to the
25 Community College, to the left of Dr. Curtis. Also

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2 in the audience, we have several other expert
3 professionals should there be a need.

4 May I first express my appreciation to
5 you, Madam Chairperson and each member of the
6 Finance Committee for your courtesy to address our
7 needs before the summer recess. By hearing us
8 today, you will give us the flexibility to sell the
9 bonds possibly in the late summer and at a time when
10 it is judged that the interest rates are favorable
11 and thereby, the cost savings to the college can be
12 maximized. Also, your considerate hearings today
13 will enable us to be respectful of the timing of
14 other possible bond financings intended for sale to
15 the public on behalf of the City of Philadelphia.

16 As well, I wish to make a brief
17 introductory statement in support of the proposed
18 bill before you. At the board of directors meeting
19 of the Hospitals and Higher Education Facilities
20 Authority of Philadelphia on April 10, 2001, the
21 Community College submitted an application for
22 financing. The application seeks the Authority's
23 assistance in the proposed financing.

24 Before turning to Dr. Curtis, may I
25 close as I began. For the Authority, thank you for

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2 helping us work in a cordial manner with our
3 hospitals and universities. Your courtesies never
4 go unnoticed.

5 Now it is with true and great pleasure
6 that I turn to Dr. Steven Curtis, President of the
7 Community College of Philadelphia.

8 DR. CURTIS: Thank you. Good afternoon.

9 COUNCILWOMAN BLACKWELL: Good afternoon.

10 DR. CURTIS: My name is Steven Curtis,
11 President of the Community College of Philadelphia,
12 and I'm here to provide testimony in support of Bill
13 No. 010348.

14 The purpose of this bill is to authorize
15 the Hospitals and Higher Education Facilities
16 Authority of Philadelphia to issue tax-exempt bonds
17 on behalf of the college in an approximate amount of
18 \$35 million. The proceeds of the bonds will be used
19 to finance the cost of the acquisition and
20 construction of a new business and industry
21 technology center for the Community College of
22 Philadelphia.

23 The center will be located on an
24 undeveloped parcel of land at 18th Street and
25 Callowhill Street in Philadelphia, adjacent to the

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2 college's main campus. The three-story center will
3 be approximately 97,000 gross square feet on top of
4 a two-story below-grade partially-enclosed parking
5 garage. The site will accommodate the college's
6 Division of Community Services and Continuing
7 Education Programs, which have outgrown space
8 currently -- I should say, which have outgrown space
9 which is currently leased at 16th and Callowhill
10 Streets.

11 The center will also accommodate some of
12 the degree programs offered by the college which
13 makes the greatest use of advanced computer
14 technologies. The three-story building will contain
15 a combination of computer laboratories, so-called
16 "smart" classrooms, distance-learning classrooms, a
17 new career planning and placement center for
18 students, faculty offices, meeting rooms, and
19 seminar rooms. The design of the building will
20 ensure flexibility to accommodate current and future
21 technologies.

22 Classroom and seminar spaces will be
23 designed in a variety of configurations to address
24 the wide range of customized and instructional
25 programs offered by the college to business and

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2 industry clients as well as to meet the needs of
3 degree programs offered by the college, again, using
4 advanced computer technologies.

5 To assist the college in the development
6 of the project, the college has engaged the
7 Binswanger Companies, a well-known and respected
8 real estate firm, to acquire and develop the project
9 on the college's behalf. The project will be
10 developed and owned by a Binswanger affiliate,
11 Combins LP, and leased to the college pursuant to
12 the terms of a long-term lease. The college will
13 have the option to purchase the project at the end
14 of the term for a nominal sum as well as the option
15 to purchase the project during the term of the lease
16 for an amount equal to the unamortized debt issued
17 to finance the project, plus a nominal sum.

18 The college has applied to the Hospitals
19 Authority for financial assistance, which would
20 consist of issuing its revenue bonds, series of
21 2001, in an amount not to exceed \$35 million for the
22 purposes of financing the project on behalf of the
23 college. The revenue bonds will be secured by an
24 assignment by Binswanger of the payments made by the
25 college under the lease directly to the bond

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2 trustee. The lease payments will be made directly
3 to the bond trustee and will be sufficient to pay
4 the principal and premium of and interest on the
5 revenue bonds.

6 At the same time, the college estimates
7 that -- excuse me. At this time, the college
8 estimates that the total cost of the project,
9 including capitalized interest, reserved funds, and
10 issuance costs will be approximately \$29 million,
11 and is requesting that the Authority issue its
12 revenue bonds in a like amount to finance the
13 project. The college and Binswanger are committed
14 to using their good-faith efforts to obtain
15 participation in minority- and women-owned
16 contractors and subcontractors for the project. We
17 expect to meet at least the minimum City goal of
18 25 percent minority and women participation.

19 This concludes my testimony, and I'll be
20 glad to answer any questions that you might have.

21 Thank you.

22 COUNCILWOMAN BLACKWELL: Thank you very
23 much.

24 The Chair also notes that Councilman
25 Darrell Clarke is here.

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2 Thank you.

3 Are there any questions for members on
4 the committee?

5 (No questions.)

6 COUNCILWOMAN BLACKWELL: All right.

7 What we are going to do on this bill is to -- for
8 the purposes of Bill No. 010348, we're going to
9 conclude our public hearing and enter -- are there
10 questions?

11 (No questions.)

12 COUNCILWOMAN BLACKWELL: We're going to
13 recess our public hearing and enter into a public
14 meeting for the purposes of 010348.

15 I'm going to ask Councilman to give me a
16 motion with a suspension of the rules for this bill.

17 COUNCILMAN KENNEY: Thank you, Madam
18 Chair.

19 I move that Bill No. 010348 be reported
20 out of this committee with a favorable
21 recommendation and a request made for a rules
22 suspension to allow for first reading at our next
23 Council session.

24 (Duly seconded.)

25 COUNCILWOMAN BLACKWELL: All in favor?

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2 Opposed?

3 It has been moved and seconded that Bill
4 No. 010348 be reported out of committee with a
5 favorable recommendation and also a recommendation
6 that the rules be suspended so as to permit first
7 consideration at our next session.

8 Again, all in favor?

9 Opposed?

10 The ayes have it.

11 COUNCILMAN COHEN: Madam Chair?

12 COUNCILWOMAN BLACKWELL: Yes?

13 COUNCILMAN COHEN: May I just make a
14 motion to the relatively new president of Community
15 College. This expresses our great respect and
16 admiration both for the Hospitals and Higher
17 Education Facilities Authority and for the work of
18 Community College over many, many years. We wish
19 you extremely well in your endeavors to continue to
20 raise the level of Community College. We think it's
21 the finest community college in the country, and we
22 think it just performs in an outstanding way for all
23 of the people of Philadelphia.

24 And that's the reason you find so little
25 question. We know the Authority studies the

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2 situation very carefully before it makes its
3 recommendation. Your explanation was very clear.
4 We wish you well in this development.

5 DR. CURTIS: Thank you very much.

6 COUNCILMAN COHEN: Thank you.

7 COUNCILWOMAN BLACKWELL: I think that
8 Councilman Cohen spoke for all of us. We appreciate
9 all that you and certainly are happy to support this
10 legislation. Thank you very much.

11 MR. CRAMP: Thank you.

12 DR. CURTIS: Thank you.

13 MR. CRAMP: We're most grateful.

14 COUNCILMAN COHEN: And that also
15 includes the counsel for the committee, Mr. McGreal.

16 COUNCILWOMAN BLACKWELL: Now that we
17 have concluded this piece of legislation, the Chair
18 notes that Councilman Michael Nutter has resumed and
19 we also resume our finance hearing with regard to
20 our community development block grant application.

21 We will please ask Mr. Kromer and
22 whomever else you would like to have with you at the
23 table to come forward to begin your testimony.
24 Again, thank you all for your patience, and as you
25 know, we will have the Administration's testimony

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2 today and we will have the community groups starting
3 at 10 on Monday. It might make it a little simpler
4 this year with starting the community on Monday, but
5 today, we will try to conclude all Administration
6 testimony.

7 (Witness comes forward.)

8 COUNCILWOMAN BLACKWELL: Having said
9 that, the clerk has already read the bill, and
10 Mr. Kromer, please identify yourself for the record
11 and begin your testimony.

12 We also note that, before you do that,
13 Marian Tasco, Vice Chair of this committee, is here.

14 Thank you.

15 MR. KROMER: Good afternoon. I'm John
16 Kromer, Director of the City of Philadelphia's
17 Office of Housing and Community Development. I've
18 submitted written testimony, but I'd like an
19 opportunity just to provide some additional
20 comments, which I think I can deliver in fewer than
21 five minutes and which I think would be helpful in
22 addressing some of the issues which Council may be
23 concerned about.

24 A key issue is with the community
25 development block grant is always resources -- what

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2 are we getting, where's it being spent, how much do
3 I get for my particular interest. And one of the
4 issues and resources is really going to be an
5 important topic at this hearing and during this
6 year.

7 We really have to prepare ourselves for
8 a fundamental change in the way that the community
9 development block grant is regarded. During the
10 past decade, it was possible to use the block grant
11 as the primary resource for neighborhood
12 reinvestment. There was a lot of it and we could
13 use its flexibility to do a lot of things, and that
14 situation has changed for a few reasons that I'll
15 describe in a moment.

16 And going forward, starting with the
17 coming year, the block grant really cannot be
18 regarded as the primary central resource for
19 neighborhood reinvestment. It's got to be regarded
20 as one of several key resources that need to be used
21 in coordination and in concert with one another.

22 In past years -- and I'm speak really of
23 the past eight years -- there's been a lot of
24 community development block grant money and other
25 federal money available for neighborhood

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2 reinvestment. During the early 1990s, tens of
3 millions of dollars remained unspent, and it was
4 possible to tap into those unspent dollars from
5 prior years to begin doing a lot of housing
6 production.

7 During the Clinton administration, HUD
8 Secretary Henry Cisneros was very generous to
9 Philadelphia, and we received a home ownership
10 grant, an empowerment zone grant, and several other
11 special grants which really supplemented the federal
12 money that we received every year. That pattern has
13 really stopped and there have not been any special
14 federal award programs now for sometime.

15 A third factor during the 1990s was a
16 Section 108 Program, and every year for a period of
17 five or six or seven years, I came to Council and
18 requested and obtained approval for Section 108
19 financing for various housing activities. And,
20 again, that was a resource of tens of millions of
21 dollars, which was very valuable to the City.

22 The neighborhood which was the primary
23 beneficiary of the Section 108 borrowing during that
24 period was Logan. Section 108 dollars were borrowed
25 every year to support relocation of residents from

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2 the Logan Triangle, and if we hadn't done that, we
3 would be here today with about 250 families living
4 in imminently dangerous housing in the Logan
5 Triangle area. So I'm pleased with the results of
6 the Section 108 borrowing.

7 But we're not going to be able to
8 sustain that level of activity because we don't have
9 access to those additional resources that were so
10 readily available in past years. And just to give
11 you a sense of the impact of the reduced resources
12 on our program, I wanted to give you one handout
13 that shows the performance of the Basic Systems
14 Repair Program over the past few years, and you'll
15 see how the decline in resources has affected our
16 ability to deliver home repairs, which I know are a
17 concern to most or all members of City Council.

18 As you'll see on this table, in Year 21,
19 the Philadelphia Housing Development Corporation had
20 about \$15.7 million available for these repair
21 programs and produced about 6500 units of repair.
22 In Year 25, by contrast, the last fiscal year, only
23 about \$9 million was available, and production
24 dropped by nearly two-thirds, down to about 2500
25 units.

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2 And the reasons for that drop in
3 production primarily were two. You'll see that
4 State funding was reduced from 3.4 million in
5 Year 21, down to nearly a million dollars less in
6 Year 25. And that drop means 850 to 900 heaters
7 that couldn't get replaced, or collapsing roofs that
8 couldn't get replaced. That's significant. But
9 also you'll see a significant drop in the community
10 development block grant allocation from 11.3 million
11 in Year 21 to \$6 million less in Year 25.

12 So why the reduction in community
13 development block grant dollars? And the answer is
14 that the block grant began to get spread a little
15 more thinly during those years and stretched a
16 little more further than it had to in previous years
17 because those federal grants weren't coming in and
18 the prior years' unspent funds weren't available.

19 And a primary activity during those
20 years, which continues to be a priority activity,
21 was housing production, and I just have a one-page
22 list here of the housing production pipeline, which
23 includes new construction and vacant house
24 rehabilitation ventures to which the Administration
25 and Council has made commitments. And these are

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2 published in the plan that was approved by Council
3 in the last fiscal year.

4 And for all of these ventures, we have
5 committed funding for pre-development work, for
6 acquisition, or for bricks and mortar activities.
7 You'll see in this current pipeline of development
8 ventures which have received some level of support
9 but have not been fully funded, we've gotten nearly
10 800 units and we've got an estimated commitment of
11 over \$44 million yet to be committed during this
12 coming fiscal year and in future fiscal years.

13 So the bottom line from all of this is
14 that we can't support more housing preservation,
15 more housing repair, more housing production, plus
16 authorize new development ventures; we just don't
17 have the resources that we used to have. We can
18 certainly use community development block grant as a
19 base which provides some support and leverages other
20 resources, but we can no longer view the community
21 development block grant as the place to go to fund
22 all of these things exclusively.

23 So where else can we go and how can we
24 blend other resources with the block grant to
25 address this pipeline, which is a City commitment,

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2 it's a published commitment, to get the job done?

3 I have one last handout which suggests
4 some ways in which we can address this issue of
5 resources based on some opportunities, most of which
6 have just emerged within the past year. And one of
7 them I don't want to spend too much time on but
8 mentioned right off the bat is the Mayor's -- the
9 bond financing associated with the Mayor's
10 Neighborhood Transformation Initiative, and I do
11 want to mention this and cite the example of the
12 Jefferson Square sales housing that's identified in
13 the first of the nine ways to create more resources
14 for neighborhood reinvestment.

15 Jefferson Square, even if it receives
16 the State Home Ownership Choice Award, which we will
17 be applying for, Jefferson Square needs \$3 million
18 in City subsidy over and above the State funding,
19 \$3 million to support this sales housing venture.
20 That's double the maximum subsidy amount that the
21 City has approved in past years, and the question
22 is, with this pipeline and with the demand on the
23 limited resources, how could we approve double the
24 subsidy that we're accustomed to authorizing? And
25 the response that's being proposed through

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2 Neighborhood Transformation Initiative is to blend
3 some limited community development block grant
4 support with acquisition and site preparation from
5 the bond financing, but it's really more than that,
6 and you can read this handout for yourself. I just
7 want
8 to --

9 COUNCILWOMAN BLACKWELL: Excuse me,
10 Mr. Kromer, excuse me one moment. Councilman Nutter
11 asked that you back up maybe two paragraphs ago and
12 begin again.

13 And while he's doing that, Mr. Traylor,
14 would you come forward because we'd like to get all
15 of the testimony on the record and then ask our
16 questions. It might make life a little more
17 organized. Thank you.

18 Mr. Kromer?

19 MR. KROMER: Sure. I was touching on
20 the issue of resources and the limitations of
21 resources and the desire that I think we all share
22 to fund a range of activities from preservation to
23 new production to new ventures over and above those
24 that are in the pipeline.

25 COUNCILMAN NUTTER: You said something

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2 about the amount of subsidy and doubling the subsidy
3 or something like that, and I lost you at that
4 point.

5 MR. KROMER: Yes. One of the ventures
6 in the development pipeline is the Fifth and Reed
7 sales housing, the Jefferson Square venture, which
8 the City has supported in the past and which Mayor
9 Street has proposed as the City's entry in the
10 State-funded Home Ownership Choice Program, which we
11 hope would provide some additional funding from the
12 State. Even if Philadelphia's successful in
13 receiving that State funding, \$3 million of subsidy
14 is required in order to bring Jefferson Square to
15 implementation. And in past years, our published
16 underwriting criteria has specified that the maximum
17 subsidy shall be \$1.5 million.

18 COUNCILMAN NUTTER: Where did that come
19 from?

20 MR. KROMER: Well, that's just been an
21 established practice that's been published annually
22 in the plan and authorized by Council as part of the
23 plan. It's one of the standards that we've used.

24 COUNCILMAN NUTTER: All right. I'm
25 sorry. Okay.

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2 COUNCILWOMAN BLACKWELL: All right. So
3 we want to get all of the testimony out first,
4 Mr. Kromer.

5 MR. KROMER: Thank you. I'll just wrap
6 up quickly.

7 Just to cite two of other items in the
8 Nine Ways Summary, the second one, we need to do
9 more leveraging from non-City sources and the
10 proposed West Oak Lane Home Improvement Program,
11 which is being sponsored by the LISC Program, in
12 concert with two private-sector entities, would
13 leverage \$5,000 per property for every \$3,000 in
14 subsidy that the City puts down. So we like that
15 and we'd like to do more of that in the future, and
16 we've got to do more of that in order to increase
17 the resource base for home repairs and the other
18 activities that we care about.

19 Something more immediate is item no. 7,
20 reduce the soft costs associated with housing
21 production. One of the biggest soft costs that
22 appears in the current development budget is for
23 ventures like the ones in this pipeline is
24 construction interest. And with -- through
25 coordination with Redevelopment Authority, we will

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2 be drawing down a \$10 million community development
3 block grant float loan in order to establish a
4 zero-interest construction loan fund at the
5 Authority that will provide construction financing
6 for development ventures that are receiving subsidy
7 from the City.

8 The first venture to be financed through
9 this construction loan fund, which is the next phase
10 of Cecil B. Moore sales housing, will save
11 approximately \$200,000. One deal, \$200,000 in
12 saving on soft costs.

13 So these items add up to a lot of
14 additional resources, and I hope that reinforces my
15 point that we need to continue to regard the block
16 grant as a very significant base for further
17 activity, but we can't regard that as the only
18 resource. We've got to work the block grant in
19 combination with other sources of funding in order
20 to continue to be ambitious about neighborhood
21 reinvestment and achieve the performance results
22 that we all want to see.

23 Thank you.

24 COUNCILWOMAN BLACKWELL: Let me note
25 before Mr. Traylor begins that Councilman Frank

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2 DiCicco is here. So we have a full contingent of
3 Councilpersons who are here for this hearing.
4 Councilman W. Wilson Goode is also here. Thank you.

5 Mr. Traylor, would you identify yourself
6 for the record and present your testimony.

7 MR. TRAYLOR: Thank you. My name is
8 Mjenzi Traylor. I'm First Deputy Director of the
9 Commerce Department.

10 Good afternoon, Councilwoman Blackwell
11 and members of City Council. I am here today to
12 present testimony in support of the Fiscal Year 2001
13 Consolidated Plan. With me this afternoon are
14 Curtis Jones, President of Philadelphia Commercial
15 Development Corporation, and James Fluck, Vice
16 President of Philadelphia Industrial Development
17 Corporation.

18 For Fiscal Year 2002, the City's
19 approach to neighborhood economic development
20 continues to encompass three goals: assisting small
21 neighborhood businesses, investing in neighborhood
22 physical infrastructure to improve the business
23 environment near residential areas, and fostering
24 the group of community economic development skills
25 and capacity particularly within community

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2 development corporations. Today, I would like to
3 point out major program areas that will receive
4 changes in funding for Fiscal Year 2002.

5 Our lending and grant programs are
6 administered by PCDC, PIDC, and the Commerce
7 Department. PCDC's Small Business Revolving Loan
8 Fund will be increased from \$1,650,000 to
9 \$3 million. In the current year, 25 businesses will
10 receive loans under the program -- that is, under
11 the SBRLF Program. This fund, together with PCD's
12 other financing programs, will achieve approximately
13 100 transactions.

14 The Neighborhood Development Fund is
15 administered by PIDC. This was a lending program,
16 which, in past years, provided the gap financing for
17 numerous neighborhood businesses and development
18 projects. NDF received no funding in the current
19 year but will receive \$2 million in the 2002 budget.
20 As stated in the Consolidated Plan, PIDC will
21 provide assistance to at least 15 projects, which
22 will retain 600 jobs and create 1400 new ones.

23 The Neighborhood Support Services
24 Program, which supports targeted neighborhood work
25 by CDCs in nine neighborhoods, will be increased

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2 from 900,000 to 950,000.

3 The Commerce Department will continue to
4 offer three levels of grant support. The
5 Pre-development Grant will be increased from 150,000
6 to 200,000. The Planning and Marketing Grants will
7 also go from 150 to 200,000. The Neighborhood
8 Development Grants, which received no funding in the
9 current year, will receive \$1,500,000 in 2002.

10 PCDC will draw down Section 108 funds to
11 assist in larger-scale development projects and to
12 support our Neighborhood Lending Programs. The
13 primary goals of these Section 108 loans will be to
14 create permanent jobs for residents in Philadelphia,
15 to stimulate private investment, and to generate tax
16 ratables for the City. While the creation of jobs
17 for low- and moderate-income Philadelphians will be
18 the key criteria for these loans, the expansion of
19 retail goods and services in our neighborhoods and
20 the elimination of blight will be an alternative
21 criteria. There was no Section 108 allocation in
22 the current year; \$15 million is budgeted for year
23 2002.

24 PCDC will continue to operate the
25 Targeted Neighborhood Commercial Area Program. This

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2 program provides for an array of support services to
3 38 commercial areas, and these areas are listed on
4 Pages 74 and 75 of the Consolidated Plan.

5 In addition, PCDC will provide direct
6 assistance for for-profit businesses and nonprofit
7 organizations which act as key service providers and
8 employers in these commercial areas. The principal
9 goal of the TNCA Program is to enable these
10 businesses to remain and to expand while providing
11 needed goods, services, and employment opportunities
12 for Philadelphia's low and moderate-income
13 residents. PCDC will also provide acquisition
14 grants to community-based development organizations
15 located in these commercial areas. The CBD0's will
16 acquire and improve the properties. After the
17 improvement is completed, they will either lease or
18 sell the properties to businesses that will provide
19 retail goods or services to the low- and moderate-
20 income residents of that neighborhood.

21 I would like to take this opportunity to
22 thank Council for their ongoing commitment to the
23 Office of the City Representative and Commerce
24 Department's economic development activities. We
25 look forward to working closely with members of

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2 Council to continue to strengthen the economic base
3 of the City.

4 My colleagues and I will be pleased to
5 respond to any questions Council may have. Thank
6 you.

7 COUNCILWOMAN BLACKWELL: Thank you. And
8 we thank everyone else from all of the housing
9 departments who are here this afternoon.

10 Now we'll begin our fun part -- our
11 questions. I think for Mr. Traylor, we only have
12 one -- I only have one. Would you provide
13 information as to the 15 projects that will retain
14 the jobs, that will retain 600 jobs and create new
15 ones? Would you give us details about who they
16 are?

17 MR. TRAYLOR: No, those projects are not
18 known at this time. That will come through an
19 application process to PIDC. And if you want some
20 further explanation of how that application process
21 will work, we can have Mr. Fluck give us that at
22 this time.

23 COUNCILWOMAN BLACKWELL: Or what the
24 criteria is for people to apply would probably be
25 most useful in how jobs are created and who can

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2 apply and how they can apply. That would be very
3 helpful.

4 (Witness comes forward.)

5 COUNCILWOMAN BLACKWELL: Thank you.

6 Good afternoon. Please identify yourself for the
7 record. Thank you.

8 MR. FLUCK: Good afternoon. My name is
9 James Fluck, and I'm Executive Vice President of
10 PIDC.

11 COUNCILWOMAN BLACKWELL: Spell your last
12 name, please.

13 MR. FLUCK: Yes, F-L-U-C-K.

14 COUNCILWOMAN BLACKWELL: Thank you.

15 MR. FLUCK: Regarding your question in
16 terms of the application process, basically, an
17 application under the program has to meet one of the
18 criteria established under the CDBG program for
19 fundability. It has to benefit low- and
20 moderate-income individuals, it has to employ low-
21 to moderate-income individuals, and it has to do so at
22 the rate of employment of low- and moderate-income
23 individuals one job per \$35,000 of lending.

24 So those are the general criteria that
25 we look at in terms of identifying prospective

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2 projects.

3 COUNCILWOMAN BLACKWELL: How does one
4 apply?

5 MR. FLUCK: Simply call our offices.

6 COUNCILWOMAN BLACKWELL: Okay.

7 MR. FLUCK: And then we'll provide an
8 application, we'll go over it with a client, and
9 evaluate the project with a client.

10 COUNCILWOMAN BLACKWELL: Is this an RFP
11 process?

12 MR. FLUCK: No, no. This is simply an
13 application. Again, we look at things like: total
14 project; what's it cost; what's the financing; what
15 are the sources of the financing; in addition to the
16 financing we provide, is there any private
17 financing; how many jobs will it create. Those
18 kinds of things are what we look at and evaluate.

19 COUNCILWOMAN BLACKWELL: Okay. How will
20 600 jobs be retained and 400 new jobs created?

21 MR. FLUCK: These are estimates based on
22 our experience in dealing with clients over -- these
23 are goals that we establish for the program. As
24 Mr. Traylor said, there aren't any specific
25 companies that have been identified at this time,

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2 but they will be over the coming fiscal year.

3 COUNCILWOMAN BLACKWELL: Let us also
4 note that we note City Planning is represented, PIDC
5 and PCDC. We see Mr. Jones.

6 All right. Does that answer the
7 questions for the committee on that particular
8 issue? Then we'll go back to our questions for
9 Mr. Kromer.

10 COUNCILWOMAN TASC0: (Inaudible.)

11 COUNCILWOMAN BLACKWELL: All right.
12 Then we'll entertain questions for Commerce. And
13 then, Mr. Kromer, we'll keep you for last.

14 Councilwoman Tasco.

15 COUNCILWOMAN TASC0: Good afternoon.

16 MR. TRAYLOR: Good afternoon.

17 COUNCILWOMAN TASC0: The Mayor's
18 Business Action Center comes under your department?

19 MR. TRAYLOR: Yes. That's the Mayor's
20 Business Action Team.

21 COUNCILWOMAN TASC0: Team, right.

22 What is the staffing level? Is it the
23 same level that it was under the prior
24 administration?

25 MR. TRAYLOR: No. If I'm not mistaken,

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2 Councilwoman, I think we are two persons under the
3 staffing that was under the previous administration.

4 COUNCILWOMAN TASC0: What is the
5 expectation to build those two spots?

6 MR. TRAYLOR: I think that we've been
7 trying to not fill them. In other words, if the --
8 if the current staff -- there has been some
9 restructuring of the department, and if the current
10 staff is able to serve the demand into that unit,
11 then we will live with the current staff.
12 Otherwise, we'll have to fill those slots.

13 But that's a limited budget that they're
14 operating under and so we'd like to keep the
15 staffing at the level it is now.

16 COUNCILWOMAN TASC0: As you know, we all
17 represent business districts within our Councilmatic
18 districts and as you know, many, many, I guess, if
19 not most of the districts are quite diverse
20 ethnically. And we from time to time --
21 particularly I do -- run into problems with language
22 barriers, particularly on Fifth Street. And what
23 I'd like to know is, what is the plan for your
24 department to be to have a staff that reflects the
25 diversity of these business strips? Because we have

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2 more problems because of lack of communication,
3 business people don't know how the City works, they
4 don't know the rules and regulations, I have more
5 complaints about trash, I have more complaints about
6 various zoning issues.

7 And part of the problem we recognize is
8 the ability of our government to communicate with
9 its citizens. And what is being done and will be
10 done? I know you hired someone we recommended to
11 work with the Asian population, but it's nearly not
12 enough to do that because there are other groups
13 that require communication and an understanding of
14 how government works.

15 MR. TRAYLOR: As you said, Councilwoman,
16 we did hire over at PCDC in two language areas where
17 there's the higher demand -- and that is for the
18 Korean community as well as for the Spanish-speaking
19 community. And right now, if MBAT has a contact --
20 you know, in other words, if we're contacted by
21 someone from the business community, Korean business
22 community, and there seems to be a language barrier,
23 then we would call upon, and have called upon,
24 PCDC's person to help us with that.

25 Now, to my knowledge -- and the same

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2 thing is true with the Spanish-speaking person who
3 is a part of PCDC staff.

4 Now, I think that if there is evidence
5 that is presented by any of the businesses that you
6 represent that that system is not serving them, then
7 we would have to seriously consider adding to, you
8 know, the staffs and, you know, maybe even directly
9 to the MBAT staff to accommodate that. I'm not
10 aware that there is any backlog that comes by way of
11 there being language barriers.

12 COUNCILWOMAN TASC0: The issue becomes
13 -- I don't believe that they're going to reach out
14 to us; it is our responsibility. For example, last
15 Friday, I did a walk-through on Fifth Street, and I
16 met with the young man who works in the Streets
17 Department who works with the businesses around
18 trash issues, and I asked him what was the real
19 problem. He said the real problem for him was the
20 language issue.

21 So there has to be some coordination
22 there with that department when you're dealing with
23 services and what the City requires -- not so much
24 and I know what you do. You work -- you develop
25 business, but you also are in business retention.

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2 MR. TRAYLOR: Yes.

3 COUNCILWOMAN TASC0: And so what I see a
4 need for is to have a coordination with L&I, the
5 Streets Department, and communicating to the
6 merchants what their responsibilities are around
7 certain governmental issues they have to deal with.

8 MR. TRAYLOR: Okay.

9 COUNCILWOMAN TASC0: Do you understand?

10 MR. TRAYLOR: I understand what you're
11 saying.

12 COUNCILWOMAN TASC0: And so when we go
13 there and we talk to them about how they should put
14 trash out or that they should have Dumpsters or they
15 can't put a retail in a wholesale or there are other
16 issues that -- just because they don't know, you
17 see?

18 MR. TRAYLOR: Okay.

19 COUNCILWOMAN TASC0: So, you see, there
20 has to be some outreach from us to them in
21 conjunction with those departments that can provide
22 services to them about what they have to do.

23 MR. TRAYLOR: Okay. I think I
24 understand the problem or the issue that you're
25 pointing out, and I think what we'd like to try is

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2 this, because it is clear that we have not
3 communicated with the other departments of the City,
4 as you're saying, that these translating services
5 are available for them.

6 COUNCILWOMAN TASC0: Mm-hmm.

7 MR. TRAYLOR: And it is MBAT's job to be
8 the representatives on behalf of the businesses for
9 any department of the City. I mean, it's their job
10 to do that interacting with the other departments of
11 the City.

12 I think that I'd like to take your
13 suggestion, though, and first see whether we can
14 deal with this issue by communicating with the
15 departments that we have people who are capable of
16 translating in these two communities and then see
17 where we wind up with that.

18 COUNCILWOMAN TASC0: You know, I'm not
19 being critical; I really want to offer this as the
20 benefit of the experience we've had. And we work
21 well with MBAT and we're not criticizing them at
22 all. I just wanted to give you my observation and
23 the problems I deal with and in responding to
24 concerns raised by the residents from the
25 surrounding community in terms of what's happening

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2 on the business strips.

3 And I just see a better -- a stronger
4 need for a better communication from the MBAT office
5 and in conjunction with the departments that we have
6 to deal with. And I think that would serve us all
7 better.

8 MR. TRAYLOR: Thank you.

9 COUNCILWOMAN TASCO: Thank you.

10 COUNCILWOMAN BLACKWELL: With regard to
11 the same issue, the Chair recognizes Councilman
12 Kenney.

13 COUNCILMAN KENNEY: Thank you. Thank
14 you, Madam Chair.

15 One of the suggestions I would make in
16 regards to Councilmember Tasco's line of questioning
17 is that -- I don't know what kind of interface and
18 contact that MBAT or Commerce has with the various
19 number of business associations throughout the
20 City. Through my work with the immigration issue,
21 I've come to meet with, based on their outreach to
22 me, numbers of ethnically-based business
23 associations that could provide these kinds of
24 translation and interface service free of charge by
25 letting them know at their association meetings, by

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2 meeting with them regularly. The Dominican grocers,
3 for example, is an organization that I've come to
4 know quite well over the last few months, and
5 they're willing and want to help to be an arm of
6 government within their communities dealing with
7 their association or other Latin-based organizations
8 and neighborhoods from a business strip perspective.
9 The same thing with a number of other Asian business
10 associations.

11 So I think you may have a wealth of
12 people available and ready outside of government,
13 that if you work with them and met them, could be
14 kind of your conduit of information for the Streets
15 Department, for Health. These are the departments
16 that, for the most part, businesses have tough
17 interface with, and that is: L&I, Health, the
18 Parking Authority, those kinds of agencies.

19 So I would make that suggestion that --
20 and I would help my office provide you with a list
21 of people that we've met with already so that maybe
22 you can reach out to them and bring them into the
23 loop so that you have an opportunity to have a ready
24 source of translation services and people who are
25 from that particular background and perhaps would be

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2 more trusted by those particular merchants.

3 I think the discussion also in this
4 regard does bring to the fore what I believe is a
5 need for an office of government that deals simply
6 with immigration services, both immigration
7 attraction and for the people who are here now to be
8 able to do that outreach, not only from a business
9 perspective but health, education, all of those
10 kinds of services that we need to provide to people.

11 So on those two accounts, I'd make those
12 suggestions and thank you.

13 MR. TRAYLOR: Thank you, Councilman. I
14 know that what you're saying is correct because in
15 most of the sessions that we have had with both the
16 Dominican as well as the Korean business
17 associations, they have used their own translators
18 for us so that we did not have to call upon the one
19 that we have access to in each one of those
20 categories.

21 COUNCILMAN KENNEY: In the Northeast,
22 for example, there's a Russian business association
23 that, you know, provides translation services and
24 other, I guess, cultural information about what
25 people expect, are afraid of, concerned about when

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2 it comes to each individual group as a large group
3 of Asian Indian business people. So there's a
4 number of groups that are out there and willing to
5 be a part of this.

6 MR. TRAYLOR: Thank you.

7 COUNCILMAN KENNEY: Thank you.

8 COUNCILWOMAN BLACKWELL: Thank you very
9 much.

10 COUNCIL PRESIDENT VERNA: Excuse me.
11 May I just ask a question?

12 COUNCILWOMAN BLACKWELL: Yes, Madam
13 President.

14 COUNCIL PRESIDENT VERNA: Mr. Traylor,
15 in your testimony, you indicate that PCDC's Small
16 Business Revolving Loan Fund will be increased from
17 \$1.6 million to \$3 million. In the current year, 25
18 businesses will receive loans under the program.
19 What is the amount of the average loan?

20 MR. TRAYLOR: Mr. Jones or
21 Mr. Lenahan?

22 (Witnesses come forward.)

23 COUNCIL PRESIDENT VERNA: Good
24 afternoon.

25 MR. JONES: Good afternoon. I'm Curtis

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2 Jones, President and CEO of Philadelphia Commercial
3 Development Corporation.

4 In response to your question, our
5 average loan size for that particular program is
6 approximately 70 to \$75,000. Now, we can go as low
7 as \$25,000 in that particular program up to -- we've
8 done \$400,000. But the average loan size is about
9 70, \$75,000.

10 COUNCIL PRESIDENT VERNA: Are there any
11 businesses in south or southwest Philadelphia who
12 have received the loans?

13 MR. JONES: Oh, absolutely. We have
14 actually -- I would have brought today a breakdown
15 by Councilmatic District.

16 COUNCIL PRESIDENT VERNA: I would love
17 to see that.

18 MR. JONES: We provide it usually every
19 year, and we'll make sure that your office and the
20 respective Councilmen get a breakdown of that.

21 Just off the top of my head, in
22 southwest, if you just consider from Market Street,
23 there are a couple of deals on the books or at least
24 being considered now. John, you might want to bring
25 up some of those deals.

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2 MR. LENAHAAN: John Lenahan, I'm Vice
3 President for the Lending Department at Philadelphia
4 Commercial Development Corporation.

5 We've done a number of deals in South
6 and Southwest Philly. We just had a grand opening,
7 in fact, for a company called Room for Love last
8 Wednesday -- it's not what it sounds like. It's a
9 wedding gift type of operation. And we have funded
10 about three or four businesses along Woodland
11 Avenue.

12 And we have a whole list of projects
13 with where we list by fiscal year, by Councilmatic
14 District the jobs created and retained and the
15 number of outside dollars or the amount of outside
16 dollars that we've arranged for financing for as
17 well.

18 COUNCIL PRESIDENT VERNA: If you would
19 be kind enough to send a list of that to the
20 chairperson and she will distribute it to members of
21 Council, we would all appreciate it.

22 MR. LENAHAAN: One other thing I wanted
23 to mention if I could --

24 COUNCILWOMAN BLACKWELL: We would like
25 Year 25 and Year 26, please.

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2 MR. LENAHAAN: Sure.

3 COUNCILWOMAN BLACKWELL: Thank you.

4 MR. LENAHAAN: For the fiscal year ending
5 June 30, 2000, we actually far exceeded our goal in
6 terms of CDBG-funded loans. We went over \$3 million
7 in both loan approvals and loan settlements. That's
8 why we went back to Commerce and requested
9 additional funding for the 2001 year. We weren't
10 able to arrange it for 2001 because the preliminary
11 plan had already been in. However, they indicated
12 they would try and accommodate us for Fiscal Year
13 2002. That's why the amount has been increased.

14 COUNCILWOMAN BLACKWELL: It would be
15 very helpful for us, as we try to help groups in our
16 area, if we know. This has always been my argument
17 with PCDC. PCDC makes decisions that for us become
18 very political because consistently, we don't know
19 who you're working with.

20 And I always use the example of -- I had
21 a lot -- within a quarter of a block, there were two
22 lots in my area that were due to be fenced. So PCDC
23 picked the one it chose as opposed to the one I
24 chose. But it's a prime example that, you know, we
25 have to make decisions that affect us being in

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2 office and that affect our groups. And if PCDC
3 would work with us when groups want loans and
4 grants, everybody benefits. But when you make 'em
5 outside of that, then we feel it becomes many times
6 that you make the political decisions and not us,
7 and we get angry. And I say this every year.

8 MR. JONES: Yes, ma'am. And I have not
9 fenced another --

10 COUNCILWOMAN BLACKWELL: Nothing's
11 changed, and I say it every year, Mr. Jones.

12 MR. JONES: Yes, ma'am.

13 COUNCILWOMAN BLACKWELL: So, again, we
14 ask for those names. In fact, maybe I will,
15 Mr. Kromer, mention this list first before we begin.

16 We would like a list -- we received a
17 list of the CDBG home funding projects, which is
18 very, very helpful. Can we get a list of the names
19 and addresses of persons and firms who received 108
20 loans? Everything just Fiscal 20 Year and 26 and
21 the projects. That's number one.

22 Number two, persons who benefitted in
23 those two years from the basic system repair. And
24 contractors who completed the works and how much
25 they were paid. That's number two.

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2 And number three, minority contractors
3 involved in this program.

4 And I think that will do it. All
5 righty. Thank you very much.

6 Mr. Kromer, we would ask you now for the
7 record to tell us again about the Year 27 Plan not
8 having new projects and the Administration's
9 position on that. And part B of that question is
10 that we support the Mayor's blight initiative but
11 feel that we cannot as Councilpeople delegate our
12 responsibility, that responsibility entrusted to us
13 by our constituents to make decisions without having
14 their projects included in Year 27 Plan.

15 Having said that, we have requested from
16 District Councilpersons to give us a list of
17 projects that they requested. Here this is. I
18 would ask one of the Sergeant-at-Arms to hand this
19 to Mr. Kromer.

20 This includes those projects I have to
21 date: Councilman Mariano, Councilman Clarke,
22 Councilwoman Verna, myself and others. I will
23 submit to you as I receive and we would hope that
24 before we conclude our hearings on Monday that we
25 have a response to those specific projects. All of

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2 it's stuff I'm sure you're that you're already aware
3 of, but we would like to know -- we ask that you
4 keep in touch with the District Councilpersons as
5 you need to respond to that and certainly that you
6 keep me, as chair, informed.

7 So would you respond again to the change
8 in Year 27 and how that changed and why.

9 MR. KROMER: Yes. And first let me say
10 that the housing agency staff and I will review this
11 information and any other material provided by
12 Councilmembers carefully and will respond.

13 COUNCILWOMAN BLACKWELL: And Councilman
14 Mariano if I did not mention him.

15 MR. KROMER: Yes, we'll be sure to
16 include that as well.

17 The basic issue that we're facing in the
18 Year 27 is one of limitations of resources. It's a
19 combination of two related activities that occurred.
20 One is that outside funding, whether it be from
21 prior years' unspent funds or from special HUD
22 programs or for 108 loans, additional funding is no
23 longer available in this fiscal year to supplement
24 the entitlement funds that we're receiving this
25 year.

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2 And then, secondly, we've had a very
3 productive program over the past years. We've had a
4 lot of high-performing community development
5 corporations, a substantial number of private
6 developers who have worked effectively with
7 neighborhood-based organizations, and a very
8 extensive home repair program that's functioned
9 year-round.

10 The result is that the demand for
11 funding is far greater than the amount of resources
12 we have in the coming fiscal year. And, in fact, my
13 point in circulating this list of the pipeline is
14 just to indicate that of the development ventures
15 that the City has already committed to by publishing
16 them in the Year 26 plan, which Council and the
17 Mayor authorized, we have a demand approximating
18 \$44 million on the budget, and that's far in excess
19 to the amount that the Year 27 grant could provide.
20 That pipeline doesn't even take into account the
21 additional development ventures that have been
22 submitted today and that, understandably,
23 Councilmembers want to see happening during the
24 coming fiscal year.

25 So we've got to figure out how to deal

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2 with that limitation.

3 And the response is, number one, that we
4 need to find effective ways to tap other resources,
5 and that's the point of this handout on the nine
6 ways to create more resources for neighborhood
7 reinvestment. And some of these opportunities are
8 big. The State Home Ownership Choice Program gave
9 us \$1.7 million last year. The Philadelphia Housing
10 Authority is proposing to commit \$3 million to
11 support the East Poplar sales housing development,
12 which is one of the pipeline ventures. And some of
13 the opportunities are not so big. But if we pursue
14 all of them we're going to have a much more
15 substantial budget during this coming year using the
16 block grant and other resources.

17 Now, that may be very well and good, but
18 it doesn't address the question that I'm sure other
19 Councilmembers have. What about the stuff we want
20 to get done this year that's not mentioned in your
21 pipeline and that is not published in the plan?
22 What are we going to be about new development
23 ventures?

24 And my response is, in some respects,
25 the relationship between the Administration and

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2 Council will be the same as it has been in prior
3 years in which we've handled new development
4 ventures effectively, and in some respects, the
5 relationship will be different.

6 There are two ways in which the
7 relationship will be the same. Number one, as in
8 the past, the Administration will not commit money
9 upfront and set aside dollars for specific
10 ventures. We stopped doing that in Year 19 because
11 we found that developers were hanging on to City
12 funding awards and were not delivering results. And
13 in some cases, we found that completing a careful
14 underwriting of a development venture resulted in a
15 finding that a lower City subsidy could be provided
16 than what the developer had requested.

17 So as previously, we will make
18 commitments but we will not set aside a reserve
19 funding. We haven't done that for nearly a decade,
20 and we have been able to deliver funding on time and
21 on budget when called upon to do so.

22 But secondly, and I think this is where
23 we need to do some work and can get some work done,
24 we need to, as the administration, make a commitment
25 to include these development ventures and others

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2 which you'll be proposing as part of our agenda for
3 the coming fiscal year. And in the final version of
4 the consolidated plan, to show you that these
5 development ventures will be part of our agenda for
6 neighborhood reinvestment during the coming fiscal
7 year.

8 Again, we've done that with past
9 development ventures that you've brought in every
10 year and those ventures have been funded for
11 pre-development work, for acquisition, for site
12 preparation, and for construction. We're going to
13 do the same thing again this year. It won't be
14 different from the process in the past.

15 There will be some significant
16 differences, however, in the way that we propose to
17 support these development ventures during the coming
18 fiscal year. Number one, we intend to make our
19 funding decisions based on planning, on neighborhood
20 planning that gets done in the communities where
21 these ventures are proposed. And the Planning
22 Commission staff, I believe, has met with all of you
23 and your staffs to talk about the Planning
24 Commission's role, new and expanded role, in
25 planning for development investment.

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2 Why is this important? Let me cite just
3 a couple of examples. One of the ventures that you
4 mentioned, Councilwoman Blackwell, is the Third and
5 Diamond venture that Councilman Mariano wants to see
6 funded.

7 COUNCILWOMAN BLACKWELL: Yes.

8 MR. KROMER: And we want to support
9 that; it's an important rental housing development
10 venture. But the proposal that we received earlier
11 this year called for a substantial portion of that
12 housing to be built within a Keystone Opportunity
13 Zone, and in fact, on a parcel that the Commerce
14 Department has been acquiring for some years for
15 economic development. So the housing interest was
16 not connecting with the economic development
17 interest.

18 It doesn't take much planning to sort
19 out those issues and get us on the right track, and
20 that's really all that we're proposing to do, to be
21 a little more systemic in neighborhood planning in
22 relating a neighborhood plan to funding decisions,
23 to investment decisions.

24 Another case in point, the Forgotten
25 Bottom neighborhood in South and Southwest

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2 Philadelphia. We've talked about it for years.
3 Most recently, we've talked about some repairs to
4 the existing housing there, and we'll complete those
5 repairs, we'll find the funding for those repairs.

6 But if you look at the map of that area
7 you'll see, as you're aware, that the Forgotten
8 Bottom is adjacent to a Keystone Opportunity Zone
9 and also adjacent to Tasker Homes, where the Housing
10 Authority plans to make a very substantial
11 investment of capital funding. Why aren't getting
12 together all of the parties that need to be
13 involved, not only to repair the houses that we want
14 to repair but to create a master plan for that whole
15 area that encompasses the Tasker Homes improvement,
16 the Economic Development, and the KOZ, and a broader
17 revitalization plan for the Forgotten Bottom
18 neighborhood.

19 Again, that doesn't mean we need to get
20 into a five-year planning process, it's not that
21 hard to figure out, but why don't we work together
22 so that the Housing Authority isn't doing its thing
23 in isolation from the other housing that we're
24 focussing on, why can't we have a unified plan to
25 support these investment decisions.

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2 Some of the other issues have already
3 been raised to Council and presented in public as
4 part of the Mayor's Neighborhood Transformation
5 Initiative: the cost control issues, the plans to
6 consolidate housing agency administration to lower
7 costs. But the basic thrust would be the same: to
8 support a relationship with Council so that the
9 development ventures that Council wants to see done
10 are integrated into the plan for the coming fiscal
11 year and are processed for implementation.

12 But I expect, based on those two
13 examples and others, that if we follow an approach
14 which combines the block grant with other resources
15 that relates public investment to sensible
16 neighborhood planning, we're going to see a lot more
17 of an effect at the neighborhood level and create a
18 lot more impact than we would if we were treating
19 the block grants as the basic source of funding for
20 all of these activities.

21 COUNCILWOMAN BLACKWELL: Mr. Kromer, I'm
22 told that in Councilman Mariano's area, that the
23 area that was a Keystone Opportunity Zone is no
24 longer. Just so it's obvious that you can check
25 into that.

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2 But, certainly, I think that all of us
3 on principle agree. If we reorganize Housing to
4 make it more systemic, coordinate agencies like RDA
5 and OHCD and PHA so that everybody -- so that we
6 have an approved system with everybody, but
7 certainly before that, we only request that Council
8 feel that there's some level of inclusion so that
9 they know how to respond to constituents who are
10 always pressuring us about trying to get development
11 and housing done in their areas.

12 I think that's kind of bottom line.
13 Everybody wants to streamline, everybody wants do it
14 better, but they just want to be kept apprised of
15 what that means and what that process is.

16 MR. KROMER: It seems to me that we can
17 be very clear with Council about how these requests
18 and other concerns that are brought up today and
19 Monday can be related to the planning process and
20 the implementation approach that I've described.
21 We've done that in the past and I don't think it's
22 too much to expect that we could do it again and
23 publish that as part of the final document here.

24 COUNCILWOMAN BLACKWELL: Great.

25 We understand that funding for homeless

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2 and special-needs housing has been reduced by
3 3.5 million last year. Can you explain that? Last
4 year, there was \$3 million for development,
5 financing, for acquisition, rehab, or special-needs
6 housing, and this year it is not listed.

7 MR. KROMER: I'd like to have Dainette
8 Mintz, the Director of Special-Needs Housing,
9 respond to that. I know she's finishing up a
10 meeting across the street, but she should be here in
11 a few minutes, and I believe the issue relates to
12 the demand for development financing and the
13 ventures that are currently ready to receive
14 funding, but she will follow up on that.

15 COUNCILWOMAN BLACKWELL: Thank you. All
16 righty.

17 I understand that the AIDS funding has
18 increased and, you know, there's been a
19 reorganization of agencies. I haven't quite
20 understood what that means, but so some new agencies
21 have surfaced, some agencies that have been here
22 since the beginning of time since I know that we've
23 dealt with AIDS have kind of gone by the wayside.
24 Can you explain what the new funding for AIDS means
25 and how the change in how these dollars are

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2 allocated happens.

3 MR. KROMER: I think Scott Wilds can
4 provide some more information on that.

5 COUNCILWOMAN BLACKWELL: Thank you.

6 (Witness comes forward.)

7 MR. WILDS: Good afternoon. I'm Scott
8 Wilds, Assistant Housing Director.

9 COUNCILWOMAN BLACKWELL: Good
10 afternoon.

11 MR. WILDS: We were fortunate this year in
12 getting a substantial increase in AIDS housing and
13 funding. The increase was driven by the increase in
14 caseload in the region. We administer HOPWA, which
15 is a regional HUD-funded program. We got a
16 substantial increase because the number of folks
17 diagnosed with AIDS has gone up dramatically in the
18 City and in the region in the last two years.

19 We've done a couple of things with this
20 increase. We have supported development
21 construction funding for new housing units. We did
22 a request for proposals and we have decided to fund
23 two construction ventures with some of the
24 increase.

25 The other amount of the increase is

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2 going to set up a new rental assistance venture that
3 will be aimed at folks who are healthy still and are
4 working but can only work part-time and need
5 additional small amounts each month to meet their
6 existing rents. There are a lot of folks, we've
7 been told, that are right on the edge. They work,
8 they can sustain an apartment, but if they get sick
9 or out of work, their worlds just disintegrate. And
10 these new funds will be used in part to fund
11 assistance to keep them in their existing
12 apartments.

13 That is something that we obviously have
14 to have this approved. We will go to HUD and we
15 hope to get it approved this summer. It's based on
16 a model, Oakland, that's been in operation about two
17 years.

18 COUNCILWOMAN BLACKWELL: Thank you.

19 I'll ask two questions and then defer to
20 my colleagues, who are getting impatient with me
21 asking so many.

22 How well is the neighborhood strategy
23 working per the Mayor's executive order, whereby 50
24 percent or more of economic benefit of CDBG-funded
25 programs go to immediate and surrounding

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2 neighborhood people?

3 MR. KROMER: The Office of Housing and
4 Community Development provides regular reports on
5 the neighborhood benefit strategy as it affects
6 local employment. And I would say that the results
7 are not what we would like to see in terms of a
8 commitment to return half of the economic value of
9 the development venture to the community. During
10 recent years, the number of construction ventures
11 that have been built by the building trades has
12 increased substantially, and the involvement of the
13 building trades is almost complete across the board
14 in the housing production programs.

15 For various reasons relating to the
16 history of the building trades over the past decade,
17 the number of Philadelphia neighborhood residents
18 who happen to participate in those construction
19 ventures does not give us the level of participation
20 that's called for in the neighborhood benefit
21 strategy legislation.

22 There are only two ways of addressing
23 that situation that I can think of. One is to step
24 up the apprenticeship programs and the process for
25 bringing more neighborhood residents into the

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2 building trades, and I know some of the trades have
3 done an excellent job in advancing that goal, but
4 clearly, we're not where we need to be.

5 And the second opportunity is to
6 consider mixed labor forces on some construction
7 ventures. And that has happened in the past. It's
8 not really happening now, but if it is possible to
9 make that happen, then we will have a bigger
10 opportunity for more neighbor participation, but we
11 don't -- we are not where we need to be in terms of
12 the neighborhood benefit strategy.

13 COUNCILWOMAN BLACKWELL: I think that
14 single issue and that of the cost of housing
15 rehabilitation are the two variables that will make
16 a big difference in what projects we get done.

17 MR. KROMER: Absolutely.

18 COUNCILWOMAN BLACKWELL: My final
19 question for this round is, would you explain the
20 difference in Section 108 funding between the
21 15 million allocated toward downtown development and
22 the repayment of 14.212. What is our borrowing
23 capacity for economic development versus housing?

24 MR. KROMER: The borrowing capacity for
25 Section 108 is five times the amount of the

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2 community development block grant entitlement. This
3 year, the entitlement is approximately 72 million,
4 so we have nearly 400 million in borrowing
5 capacity. Some of that capacity has been used to
6 support economic development activities.

7 And in the case of economic development,
8 the 108 funding is borrowed by the City and then
9 loaned to private developers. In each case, the
10 private developer pays back the City and the City
11 pays back the federal government. There is no loss
12 of entitlement funds on the City's part.

13 The situation with respect to housing
14 108s, the use of Section 108 for housing-related
15 activities is different. As I mentioned, the
16 biggest beneficiary of the housing Section 108
17 financing was the Logan Triangle area. Every year
18 for an extend period of years, we borrowed
19 \$3 million in Section 108 funding to fund Logan
20 relocation activities, and there was no private
21 developer or no other source of payback for that
22 funding. And so the funding has been paid back
23 through a reduction through a commitment from
24 subsequent years' community block development
25 grants.

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2 And so the Section 108 loan repayment
3 line items that you see in the Year 27 Plan on the
4 budget pages reflect the repayment of those
5 housing-related 108 loans that supported the Logan
6 relocation, but also a variety of other housing
7 production and preservation activities.

8 COUNCILWOMAN BLACKWELL: Thank you.
9 Councilman Nutter.

10 COUNCILMAN NUTTER: Good afternoon,
11 Mr. Kromer.

12 I'd like to go back to what the Chair
13 laid out and I'll be getting some information to her
14 as well. With regard to Year 27 and some of the
15 differences, the Chair mentioned in caucus this
16 morning at our Council session about the need to get
17 information in about projects that members had an
18 interest in, and I was trying to understand -- and
19 she gave every piece of information that she had,
20 which she admitted was not a great deal -- as to why
21 this was the circumstance or the situation this year
22 as compared to previous years. And I was somewhat
23 perplexed by that as well.

24 And I know that you alluded to it
25 earlier, but I really don't understand why it's this

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2 way. And then the Chair handed you an envelope and
3 other members have things in it. We're kind of down
4 to the wire and it seems like, you know, folks are
5 trying to get in the lottery line before 7 o'clock.

6 Can you explain that?

7 MR. KROMER: Yes. There's really no
8 necessity for Councilmembers to feel pressured to
9 submit a list of development ventures. We've got
10 time to discuss what each Councilmember would like
11 to see included in the Year 27 Plan.

12 What's a little bit different this year
13 is --

14 COUNCILMAN NUTTER: I'm sorry to cut
15 across you. In the past, was it the case that they
16 were already included?

17 MR. KROMER: No. In the past, there was
18 an informal process in which I met individually with
19 most of the Councilmembers that had community
20 development block grant issues and interests and
21 talked about what was proposed in the plan and
22 talked about what the Councilmember wanted to see.
23 No formal agreements were made at that time, but
24 there was an opportunity to provide a little
25 exchange of information.

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2 COUNCILMAN NUTTER: Right.

3 MR. KROMER: That hasn't occurred this
4 year in part because of the schedule being a little
5 tighter this time than it was before. And so I
6 think the request for Councilmembers to --

7 COUNCILMAN NUTTER: What do you mean
8 "tighter than it was before"? Have we not been
9 around?

10 MR. KROMER: Well, usually we've had a
11 little more time between the publication of the
12 proposed plan and the scheduling of the Finance
13 Committee hearing. It's just happened that way
14 and --

15 COUNCILMAN NUTTER: Was there a problem
16 at the print shop or something or --

17 MR. KROMER: No.

18 COUNCILMAN NUTTER: Okay.

19 MR. KROMER: No. And I don't think the
20 change in the schedule really presents any problem.
21 We've still got time to talk over these issues and
22 any others that Councilmembers want to bring up.
23 And as I said --

24 COUNCILMAN NUTTER: Maybe what I'm
25 trying to understand then is, how do you put

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2 together a plan if you don't know what the items
3 that may or will be in the plan are? I mean, what
4 is this document then?

5 MR. KROMER: Well, that's why the word
6 "proposed" appears on the cover every year.

7 COUNCILMAN NUTTER: Well, I understand
8 that.

9 MR. KROMER: It's a presentation to
10 Council and --

11 COUNCILMAN NUTTER: But after we vote on
12 it, doesn't it change from proposed to final?

13 MR. KROMER: Only after Council reviews
14 and we have some discussion and, in many instances,
15 some agreement on what the final plan will look
16 like. That's what this is all about.

17 COUNCILMAN NUTTER: Okay. So let's say
18 the bill comes out next week, gets voted on on the
19 14th, what happens then?

20 MR. KROMER: As in past --

21 COUNCILMAN NUTTER: What do you send to
22 HUD?

23 MR. KROMER: As in past years, the final
24 consolidated plan would be submitted as the City's
25 application to HUD but --

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2 COUNCILMAN NUTTER: Okay. And what
3 would be in it?

4 MR. KROMER: Well, it would be this
5 document with any changes, additions, deletions,
6 corrections that the Administration and Council
7 agree should be a part of the plan, just as in past
8 years.

9 COUNCILMAN NUTTER: Okay. You made
10 reference earlier to some Planning Commission
11 meetings about developing plans for different
12 neighborhoods. I didn't catch all of that or --

13 MR. KROMER: Yes.

14 COUNCILMAN NUTTER: Is that an ongoing
15 process?

16 MR. KROMER: Well, I wanted to say that
17 one of the difference that is proposed for the
18 coming fiscal year that's somewhat different from
19 prior years is that the goal will be to achieve a
20 consistent relationship between neighborhood plans
21 and public investment in neighborhoods.

22 In the past, there has been some
23 relationship, and in many cases a great
24 relationship, but it hasn't been consistent or
25 systemic.

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2 I said that I believe that every
3 Councilmember has had some communication with Maxine
4 Griffith and her staff about the nature of that
5 neighborhood planning, some elements of that
6 planning. And I believe the staff person from the
7 Planning Commission is here if there are any
8 questions about that process.

9 COUNCILMAN NUTTER: Okay. Yeah, I have
10 not experienced that process, but I'm looking
11 forward to it.

12 So at the moment, what can you tell me
13 about the housing proposal in Roxborough that I
14 think was funded last year, for a commitment of
15 funding last year. Is that the 4200 Mitchell?

16 MR. KROMER: Yes.

17 COUNCILMAN NUTTER: And what projects or
18 plans do you have so far for the district for Year
19 27?

20 MR. KROMER: The pipeline --

21 COUNCILMAN NUTTER: Not the pipeline.

22 MR. KROMER: Is the basic list of
23 projects so far.

24 COUNCILMAN NUTTER: Okay.

25 MR. KROMER: Includes Mitchell street

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2 venture nut what about for this application which is
3 the Year 27 application what can you tell me about
4 that proposed plan in terms of its coverage of any
5 projects in the 4th District?

6 MR. KROMER: Well, as I said before, I
7 can't tell you that we're going to reserve or set
8 aside funding, and we haven't done that in the
9 past. I can tell you that there isn't enough money
10 in the Year 27 budget to fund new development
11 ventures in any district using the block grant
12 alone, and that we're going to have to work to
13 combine the block grant with other resources in
14 order to support these ventures and any other
15 ventures that Councilmembers want to see
16 implemented.

17 COUNCILMAN NUTTER: Well, how much is
18 the block grant? Is that the 88.924?

19 MR. KROMER: If you look at the --
20 whoops, I'm sorry.

21 COUNCILMAN NUTTER: It's the sideways
22 page.

23 MR. KROMER: The resources are
24 identified on Page 140.

25 COUNCILMAN NUTTER: Right.

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2 MR. KROMER: And block grant entitlement
3 is about 72 million. It's the first line there.

4 COUNCILMAN NUTTER: Right. And then you
5 probably have some program income.

6 MR. KROMER: That's right, and other
7 entitlements, yes.

8 COUNCILMAN NUTTER: Okay. So is the
9 total \$88,924,000?

10 MR. KROMER: From CDBG-related but,
11 again, if you look at all of the other --

12 COUNCILMAN NUTTER: Right, that's all
13 I'm asking about, CDBG.

14 MR. KROMER: Yes.

15 COUNCILMAN NUTTER: 88.924?

16 MR. KROMER: Yes.

17 COUNCILMAN NUTTER: Okay. And you're
18 saying that out of that, there's not enough money to
19 do any projects?

20 MR. KROMER: Well, if you compare that
21 to the 44 million in expected funding required just
22 to support what we previously agreed to and the
23 demand for --

24 COUNCILMAN NUTTER: Oh, you're saying
25 that you need Year 27 money to add on to this --

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2 it's a new term that we got today, the pipeline.

3 MR. KROMER: Yes.

4 COUNCILMAN NUTTER: The pipeline
5 concept.

6 MR. KROMER: That's right.

7 COUNCILMAN NUTTER: All of these
8 projects need additional funding to get completed.

9 MR. KROMER: That's right.

10 COUNCILMAN NUTTER: Which you propose to
11 take from Year 27.

12 MR. KROMER: In part and from other
13 resources as well. I had mentioned PHA as a funding
14 source and PHA enters into the picture in a number
15 of these line items as a significant funding
16 resource.

17 COUNCILMAN NUTTER: Is that on the
18 sheet?

19 MR. KROMER: No, it's not, but we can
20 break some of this out based on what we know now.

21 COUNCILMAN NUTTER: All right, that
22 would be helpful.

23 So let me just make sure I understand.

24 So you're saying then that because of the projects
25 that are in the pipeline, there is no money that you

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2 can identify at the moment in Year 27 for anything
3 new because we have to fund or finish funding all of
4 the stuff in the pipeline. Is that what you're
5 saying?

6 MR. KROMER: Not really. I mean, that
7 would be the way to look at it if the block grant
8 were the only resource, but we can't look at the
9 block grant as the only resource.

10 I think the way I would express would be
11 to say that we can't fund housing preservation
12 programs, the pipeline, and new ventures all
13 together with just the block grant funds; there's
14 not enough in the block grant. We've got to expand
15 our resource base if we're going to do all of these
16 things, which I believe we all want to do.

17 COUNCILMAN NUTTER: I'm a firm believer
18 in expanding the resource base.

19 Now, have we been in this situation
20 before?

21 MR. KROMER: We really haven't to the
22 extent that we are now because of the factors that I
23 had mentioned. We had a lot of access to prior
24 years on spent funds during the early '90s, we had a
25 lot of new federal awards during the mid-1990s, and

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2 we had a lot of Section 108 borrowing during the
3 late 1990s. We don't have any of those things now
4 and that's a very substantial loss of funding.

5 COUNCILMAN NUTTER: At the time that
6 that activity was going on, I mean, was it your
7 anticipation that we would be in this situation?

8 MR. KROMER: The resource question has
9 been one that's come up every year in these
10 hearings. So it's always important, yes.

11 But as the Nine Ways Summary indicates,
12 I think, there are always opportunities, and
13 frequently big opportunities, to achieve that
14 broadening of the resource base.

15 COUNCILMAN NUTTER: What's being done in
16 the -- we've had discussion over many years about
17 program delivery and general administration or
18 admin. costs. From Year 26 to Year 27, those went
19 up \$2 million, and is it correct that for Year 27
20 we're anticipating HUD loan principal and interest
21 repayments of \$14,212,000?

22 MR. KROMER: That's right.

23 COUNCILMAN NUTTER: Okay. So does that
24 mean that between program delivery and the HUD 108
25 loan repayments out of the CDBG allocation, that's

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2 \$45,781,000?

3 MR. KROMER: Yes, that's correct.

4 COUNCILMAN NUTTER: Out of a total of
5 88.924?

6 MR. KROMER: Yes.

7 COUNCILMAN NUTTER: Okay. So that only
8 leaves us, in terms of pure dollars for out on the
9 street activity, with about \$44 million, 43 out of
10 the 88.

11 MR. KROMER: From the block grant, but
12 the total budget on the order of 120 million.

13 COUNCILMAN NUTTER: Well, I understand
14 that, but those are all in the block grant line.

15 MR. KROMER: No. The administration is
16 all associated with the \$120 million overall budget,
17 not simply the block grant. Yes, the administration
18 costs are funded primarily from the block grant line
19 item, but the total program is a \$120 million
20 program.

21 COUNCILMAN NUTTER: I'm sorry?

22 MR. KROMER: The total program is a
23 \$120 million program.

24 COUNCILMAN NUTTER: Right. Well, that's
25 CDBG and Homes and HOPWA and all of that.

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2 MR. KROMER: Economic development, yes.

3 COUNCILMAN NUTTER: All right. But,
4 again, just staying in the CDBG line in the book on
5 the gray pages, you have 31 million for program
6 delivery and general administration.

7 MR. KROMER: That's right.

8 COUNCILMAN NUTTER: 14 for HUD 108 loan
9 repayments.

10 MR. KROMER: Yes.

11 COUNCILMAN NUTTER: A total CDBG
12 allocation of 88.9.

13 MR. KROMER: Yes.

14 COUNCILMAN NUTTER: And that leaves you
15 43.143 of CDBG dollars.

16 MR. KROMER: Correct, from the block
17 grant, yes.

18 COUNCILMAN NUTTER: Okay. What is being
19 done in the administrative costs area in terms of
20 reduction?

21 MR. KROMER: I don't have a detailed
22 presentation today, but I can give you a couple of
23 examples of the approach that has been taken to
24 consolidating administrative responsibilities and
25 cutting down on overhead.

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2 Despite the fact that the housing
3 agencies are subject to the same contract provisions
4 as other City agencies that have representative
5 employees, the operating costs have not increased,
6 despite the fact that the contract-mandated salary
7 increases have taken effect. Several years ago when
8 I appeared before you, I had a deputy director for
9 operations, an executive assistant, and a personal
10 secretary. I have none of those staff now.

11 Currently, we produce a quarterly report
12 for City Council based on a Council request from
13 several years ago. And it's a big report but it's a
14 good report. It provides a lot of detail on the
15 performance of the CDBG-funded programs. A dozen
16 people participate in some ways in contributing to
17 this report, and we're about to make that reporting
18 process a lot more efficient so that people who are
19 spending substantial amounts of time reporting
20 aren't doing that anymore.

21 And we're able to do that for two
22 reasons. First, we're equipped and trained to use
23 computers to do that and were not able to do that,
24 didn't have the equipment or the training in the
25 past years; and secondly, because of that, we're

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2 able to take advantage of the guidance that MOIS can
3 provide in getting the three housing agencies
4 together to produce one unified report that can be
5 accessible via e-mail and will allow those staff who
6 have been devoting lots of time to reporting to
7 actually work on performance associated with this
8 larger program that we're proposing.

9 COUNCILMAN NUTTER: So what's the
10 \$2 million increase attributable to?

11 MR. KROMER: The 2 million in program
12 delivery?

13 COUNCILMAN NUTTER: Program delivery and
14 general administration. It went from 29 million to
15 31 million.

16 MR. KROMER: The PCDC line item, I
17 think, is the largest -- represents the largest
18 increase in program delivery, and I think that's
19 related to the increased funding that's proposed for
20 economic development this year. I'm sorry -- PCDC
21 is relatively small. The largest item is the L&I
22 item. I apologize.

23 COUNCILMAN NUTTER: What's that?

24 MR. KROMER: There's a slight increase
25 in PCDC.

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2 COUNCILMAN NUTTER: Curtis, Curtis,
3 Curtis, if you got the biggest number, it's all
4 right, brother, it's okay.

5 (Laughter.)

6 COUNCILMAN NUTTER: You know, we got no
7 issue. You're around the corner, you're in the
8 neighborhood, it's no problem.

9 So, I'm sorry, who was the big winner?

10 MR. KROMER: PCDC had a relatively small
11 increase, L&I's line item has increased, and this is
12 simply a shifting of the line item --

13 COUNCILMAN NUTTER: It's like about
14 \$1.9 million, right?

15 MR. KROMER: Yes.

16 COUNCILMAN NUTTER: Yeah. I tell you,
17 boy, you read these gray pages and you see all kinds
18 of stuff, don't you, Mr. Kromer?

19 MR. KROMER: This represents a shifting
20 in a line item that has appeared in the block grant
21 budget for about ten years, the L&I Emergency
22 Abatement Program. Previously, the line item was a
23 program line item; in fact, for some years now, the
24 funding has paid for L&I inspectors, I believe 20 or
25 more L&I inspectors, who do code abatement, nuisance

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2 abatement work in CDBG-eligible areas. And so the
3 line item is shifted from program to program
4 delivery. It's the same funding level which has
5 shifted.

6 COUNCILMAN NUTTER: Let me ask you, on
7 that particular item, as much as I work with and
8 admire the work of L&I most of the time, why are we
9 giving them CDBG dollars? Weren't those people
10 already working for the government?

11 MR. KROMER: Yes, and that's an
12 excellent --

13 COUNCILMAN NUTTER: Why isn't this money
14 just taken out of their own budget?

15 MR. KROMER: That's an excellent example
16 of a policy that needs to be reviewed and possibly
17 changed. A more significant example, I think, is
18 the workforce development category that we've
19 presented every year under the Employment and
20 Training line item on Page 143 of this year's
21 budget. And I've been very pleased to fund
22 job-readiness programs and employment training
23 programs supported by Campus Boulevard Corporation,
24 Youth Build, and other fine organizations, which
25 really produce results, but the reason the block

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2 grant is tapped for that purpose is because these
3 organizations have not been able to get access to
4 the tens of millions of dollars that are currently
5 available in State-funded --

6 COUNCILMAN NUTTER: And we have a
7 Philadelphia Workforce Development Corporation?

8 MR. KROMER: Precisely. And the point
9 is, why can't we take employment and training out of
10 the block grant and fund it through these workforce
11 development programs so that we'd free up in this
12 case \$2.2 million annually for housing and
13 neighborhoods.

14 COUNCILMAN NUTTER: The question is, are
15 we also giving money to Philadelphia Workforce
16 Development Corporation?

17 MR. KROMER: No, we are not.

18 COUNCILMAN NUTTER: Okay, but they have
19 their own source of funding?

20 MR. KROMER: Yes.

21 COUNCILMAN NUTTER: Okay. So I guess I
22 go back to the question -- I mean, whether it's, you
23 know, PIDC at \$400,000, you know, wonderful people
24 over there, they, you know, again seem to have their
25 own ability to run their operation, L&I at 1.9, the

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2 Commerce Department at 668, the Law Department at
3 308, City Planning at 339. I mean, these are all
4 City of Philadelphia governmental agencies, and in
5 many instances, I would submit that many of the
6 people probably either by position or individual
7 were already on the government payroll. Why are
8 they being off-loaded to the CDBG program?

9 MR. KROMER: Well, the thinking has
10 been, and I support this, that with the possible
11 exception of the L&I staff, all of these staff are
12 performing responsibilities that relate to getting
13 out the community development block grant money.
14 That's been the practice in Philadelphia, as in most
15 other cities, and if that practice were not followed
16 in Philadelphia, we'd be looking to the General Fund
17 to support these positions.

18 COUNCILMAN NUTTER: But the L&I
19 inspectors who are inspecting a house or tearing
20 down houses, or whatever these folks are doing, I
21 mean, they don't do anything necessarily different
22 in a CDBG-eligible area, which about two-thirds of
23 the City is CDBG-eligible anyway, versus a
24 non-CDBG-eligible area.

25 I mean, there are only, I guess, a

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2 couple ways -- I've never done it but, I mean, there
3 are only a couple of ways, I guess, to tear a house
4 down or inspect one, right?

5 MR. KROMER: This L&I work relates to
6 occupied housing and housing preservation. I do
7 agree that --

8 COUNCILMAN NUTTER: All right. Do they
9 do something different in the CDBG-eligible areas?
10 Do they come over and have breakfast with them and
11 they don't in other places? I mean, what is the
12 difference?

13 MR. KROMER: I think the service is
14 basically the same, and I think that point is
15 debatable as to whether the inspectors should be
16 funded from the block grant or not.

17 COUNCILMAN NUTTER: Okay.

18 MR. KROMER: What I think everyone would
19 agree with is we need those inspectors out there.

20 COUNCILMAN NUTTER: I understand.

21 MR. KROMER: And there has to be a
22 public funding source --

23 COUNCILMAN NUTTER: All for additional
24 inspectors, all right.

25 MR. KROMER: -- To support that work.

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2 COUNCILMAN NUTTER: All right. One last
3 question, Madam Chair, and then I'll call it a day.

4 What is this Nine Ways to Create More
5 Resources for Neighborhood Reinvestment? One of
6 them popped out at me, which was number 8, reduce
7 housing construction costs, and you list as an
8 example a place called Spring Lane Meadows.

9 Now, there was no City money in that
10 development, correct?

11 MR. KROMER: That's correct.

12 COUNCILMAN NUTTER: Okay. Was there any
13 OHCD or any other agency involvement in that
14 development?

15 MR. KROMER: No, there wasn't.

16 COUNCILMAN NUTTER: That was a private
17 development, right?

18 MR. KROMER: That's right.

19 COUNCILMAN NUTTER: Okay. So why is
20 that on the sheet and what does this mean?

21 MR. KROMER: Well, as in some other
22 private-market rate development, the cost of
23 completing a unit of housing is substantially lower
24 than the amount that the City pays to complete a
25 unit of housing and there are some good reasons why

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2 City-financed housing costs more and some reasons
3 which I think might be worth some further
4 examination.

5 COUNCILMAN NUTTER: Well, what's a good
6 reason that City-financed housing might cost more?
7 How can that be --

8 MR. KROMER: Well, procurement
9 requirements and there are costs associated with
10 processing payments and dealing with the City
11 paperwork that --

12 COUNCILMAN NUTTER: That's a good
13 thing?

14 MR. KROMER: -- builders would not have
15 to deal with in privately-funded projects. And
16 that's a good reason. It's certainly not a good
17 thing, and we're trying to change that situation for
18 the better as much as we can.

19 I think on the other hand, and this is
20 where the Roxborough example is a case in point, the
21 labor costs associated with City-funded development
22 are substantially higher than mixed-labor force
23 construction on development ventures such as the
24 Roxborough sales housing. Again, we haven't had an
25 opportunity to talk about that with the building

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2 trades, but if it would be possible to have a
3 dialogue between the Administration, the developers
4 that we support, and the building trades, perhaps we
5 could get at that cost factor, which is the biggest
6 single factor affecting the high cost of
7 City-subsidized housing in Philadelphia.

8 COUNCILMAN NUTTER: Okay. When I return
9 to all of this, Mr. Kromer, I'm going to want to
10 talk to you about some development in Parkside, a
11 distressed neighborhood in Overbrook, the Phoenix
12 project, which you've had meetings about with a
13 group of ministers in West Philadelphia, Bible Way
14 Baptist Church, Carol Park, and the property I
15 believe in the 500 block of North (indiscernible)
16 Street, which I've been trying to get you to fund
17 acquisition for for the last five years.

18 MR. KROMER: All right.

19 COUNCILMAN NUTTER: Thank you.

20 COUNCILWOMAN BLACKWELL: Thank you,
21 Councilman.

22 Before I call on Councilman Kenney, we
23 have received a list that we would like to submit to
24 you, Mr. Kromer, from Councilwoman Miller to add to
25 the others. I'll ask the Sergeant-at-Arms to --

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2 COUNCILMAN KENNEY: Just put it right in
3 that envelope.

4 COUNCILWOMAN BLACKWELL: Yes, to include
5 in the envelope.

6 Now we'll call on Councilman Kenney.

7 COUNCILMAN KENNEY: And seal it back up.

8 Thank you, Madam Chair.

9 Mr. Kromer, just referring for a moment
10 to the pipeline list, a quick calculation indicates
11 to me that on average, we're probably spending in
12 most of this new construction, it seems to be new
13 construction, both rental and home ownership, it
14 seems to be on average about \$100,000 a house. Is
15 that a fair estimate? I mean, if you quickly
16 divide, it's sometimes a little more, sometimes a
17 little less, but on average, about \$100,000. Is
18 that fair?

19 MR. KROMER: I'd have to get out the
20 calculator and also look at what the City subsidy
21 was paying for. In some cases, it's only
22 construction; in some other cases, it's a variety of
23 things.

24 COUNCILMAN KENNEY: But from just a
25 cursory look at it.

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2 MR. KROMER: Okay.

3 COUNCILMAN KENNEY: What I'd like to
4 know if possible sometime in the near future is how
5 we compare to other similar cities. What happens in
6 Boston, Pittsburgh, cities with strong labor
7 influence, cities without it, and just, you know,
8 how other cities spend their dollars on new
9 construction, just as a kind of general look-see as
10 to what other towns are doing.

11 MR. KROMER: Good. I'm sure we can get
12 that for you quickly.

13 COUNCILMAN KENNEY: Thank you.

14 I'll move a minute to PHDC and the Home
15 Start Program. What's the budget for Home Start?

16 MR. KROMER: The budget for Home Start
17 is shown in line item, let's see, 41 of the budget
18 pages. It's near the very top, the second line item
19 and the funding, the proposed funding amount is
20 1.4 million.

21 COUNCILMAN KENNEY: And how many -- last
22 year, how many houses were rehabbed under Home
23 Start?

24 MR. KROMER: Let me see.

25 (Witness comes forward.)

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2 MR. WILDS: I believe it was in the 18
3 range last year.

4 COUNCILMAN KENNEY: And what was last
5 year's budget?

6 MR. WILDS: 1.5.

7 COUNCILMAN KENNEY: Okay. Is there an
8 inventory of Home Start housing that exists? What
9 happens -- what's the process as far as the house is
10 concerned? Once it's rehabbed, what happens?

11 MR. WILDS: The houses are sold to
12 first-time buyers. Since 1994, we've done 134
13 houses, of which all but two have been sold.
14 There's one of those two that's under sales
15 agreement and the other one is for sale.

16 The ones that were done last year are
17 underway now. About half of those have been sold
18 and they're not done yet.

19 COUNCILMAN KENNEY: Do we go back and
20 take a look at the condition of the house and what's
21 going on with the house after it's sold, or
22 basically when it's sold, we're out of the picture?

23 MR. WILDS: We're basically out except
24 that we maintain a lien on the house, and if it's
25 sold again, it has to come back to us if it's within

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2 15 years so that we do have some chance to review
3 those.

4 COUNCILMAN KENNEY: But in general, we
5 don't really maintain contact?

6 MR. WILDS: Yes, it's sold, and that's
7 it.

8 COUNCILMAN KENNEY: And that's the end
9 of it. So there's no real inventory of housing. Of
10 the 134, there's only two that are waiting to be
11 settled on?

12 MR. WILDS: Right.

13 COUNCILMAN KENNEY: Or there are
14 agreements of sale on them?

15 MR. WILDS: On one of them, there is an
16 agreement. On the other one, it's up now for sale
17 still.

18 COUNCILMAN KENNEY: And how do you
19 determine what houses to go after, the basic
20 conditions when you first get them, where do they
21 come from, what neighborhoods do you choose, is it
22 throughout the City or specific targeted areas?
23 Basically, how do you determine when to, how to
24 acquire a property and in what neighborhood?

25 MR. WILDS: The plan, which Council

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2 approves every year, names the places in which we
3 work in a general way, the neighborhoods. And as a
4 rule, there are several of those a year. Our staff,
5 along with other folks in those neighborhood groups,
6 we hope to use the (indiscernible) as an example, go
7 out and look at blocks, the blocks have to have --
8 be in good shape, be intact except for have up to
9 four vacancies. Occasionally, we've gone to four.
10 In the last cycle or two, we've stayed under two or
11 three vacants on that block. We acquire those and
12 then they're rehabbed and sold.

13 COUNCILMAN KENNEY: What is the general
14 method of acquisition? I mean, do we take them for
15 back-taxes, do we buy them? How do we acquire them,
16 through eminent domain? What do we do?

17 MR. WILDS: A few of them come from the
18 existing vacants owned by the City.

19 COUNCILMAN KENNEY: I'm sorry?

20 MR. WILDS: A few of them come from the
21 housing that is owned by the City. The bulk of
22 those are acquired by the RDA by condemnation.

23 COUNCILMAN KENNEY: Okay. And then
24 they're turned over -- they're owned or continually
25 owned by the RDA while we do the work?

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2 MR. WILDS: They're turned over to PHDC
3 that then does the rehab and sells the house.

4 COUNCILMAN KENNEY: So PHDC's actually
5 the person at the table, at the settlement table.

6 MR. WILDS: Yes.

7 COUNCILMAN KENNEY: And how do we
8 acquire or how do we come about the potential
9 buyers?

10 MR. WILDS: There are marketing sessions
11 held in the area in which the houses are typically,
12 at a church or a rec center or a library. One must
13 go there to that local place and apply. People are
14 screened for the income eligibility; they have to be
15 able to get a bank loan.

16 And then at the end, if there are
17 several folks who want a house, a selection occurs
18 based on a scoring that includes someone from our
19 staff, from PHDC, bank officers involved, and
20 someone that comes out of the group and helps with
21 the marketing.

22 COUNCILMAN KENNEY: Do we deal with a
23 specific number of banks or there's a varied number
24 of --

25 MR. WILDS: No, it's open to any bank

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2 that you can go to and get your own loan.

3 COUNCILMAN KENNEY: So at the seminar or
4 at the event, you advise people to go to a certain
5 bank or to a neighborhood bank or just to go out and
6 seek potential financing on their own?

7 MR. WILDS: Get your own loan. It's not
8 restricted at all to a certain bank.

9 COUNCILMAN KENNEY: So, again, of the
10 134 houses that have been done since 1994, there's
11 only two that you're aware of that are still not
12 occupied.

13 MR. WILDS: Right.

14 COUNCILMAN KENNEY: Okay, thank you very
15 much.

16 COUNCILWOMAN TASCO: Thank you very
17 much.

18 COUNCILMAN KENNEY: I'll yield.

19 COUNCILWOMAN TASCO: Mr. Kromer --

20 MR. KROMER: Excuse me for a moment,
21 please.

22 (Mr. Kromer consults with colleague off
23 the record.)

24 COUNCILWOMAN BLACKWELL: Mr. Kromer,
25 Councilwoman Tasco has some questions.

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2 MR. KROMER: I'm sorry. Dainette Mintz
3 is here, and I just wanted her to respond quickly to
4 the issue on special-needs housing.

5 COUNCILWOMAN BLACKWELL: Thank you.

6 MR. KROMER: Just to respond to the
7 previous question on special needs.

8 COUNCILWOMAN BLACKWELL: Thank you, Miss
9 Mintz.

10 MS. MINTZ: Dainette Mintz, Director of
11 Special-Needs Housing.

12 I'm sorry, I don't know the question.

13 MR. KROMER: The question is to explain
14 the reduction in special-needs funding, really the
15 shift in line items.

16 COUNCILWOMAN BLACKWELL: Yes, we raised
17 a question that funding for homeless and
18 special-needs housing has been reduced by
19 3.9 million from last year. Can you explain the
20 decrease?

21 MS. MINTZ: The budget was decreased by
22 a million dollars from 3 to 2 million in the
23 development financing category, and that was to
24 allow for the lack of Section 108 funds. That's a
25 category or a resource that we had had in

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2 special-needs development for the last three years.

3 COUNCILWOMAN BLACKWELL: I can't hear
4 you. Are you saying that Section 108 loans are
5 affected by the 3 million last year for development
6 and financing for acquisition rehab, etc., and no
7 dollars this year?

8 MS. MINTZ: No, no, no. Last year, we
9 had \$3 million total for development activity, and a
10 portion of that, \$500,000 I believe, was 108 loans.
11 And this year, as we were not going to have 108
12 loans available, we reduced the special-needs budget
13 by that amount in addition to taking into
14 consideration that over the past couple of years,
15 the number of proposals that we've had to that RFP
16 process has not maximized the full amount of funding
17 that we had.

18 And so we thought this year, we would
19 make \$2 million available in order to really make a
20 determination of what the request for funding for
21 feasible projects were, and so --

22 COUNCILWOMAN BLACKWELL: You're saying
23 there's 2 million in their now for special-needs
24 housing?

25 MS. MINTZ: For development activity.

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2 There's other funding for available for special
3 needs.

4 COUNCILWOMAN BLACKWELL: I can't hear
5 you.

6 MS. MINTZ: There's \$2 million available
7 for development activities. There is other funding
8 available for other activities, primarily rental
9 assistance activity. But for the development
10 activity this year, the RFP amount was reduced to
11 \$2 million, yes.

12 COUNCILWOMAN BLACKWELL: And you are
13 saying it's because we don't have people who are
14 requesting to do special-needs housing?

15 MS. MINTZ: No. I'm saying that the
16 numbers of feasible proposals for which we would
17 provide funding in the past has not met the amount
18 of funding that has been available so that we have
19 not utilized the full amount of funding in response
20 to the RFPs. What we've done is to make that
21 funding available to fill gaps in existing
22 special-needs projects.

23 COUNCILWOMAN BLACKWELL: I don't
24 understand what you're. You're saying we have more
25 applicants than money or --

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2 MS. MINTZ: No. We have had more money
3 than feasible projects.

4 COUNCILWOMAN BLACKWELL: I know people
5 come to me all the time who want to do special-needs
6 housing type projects, unless they are earmarked
7 some other way. I mean, there are a lot of people
8 who want to do special-needs projects.

9 MS. MINTZ: I'm not addressing the
10 competition. There are a number of respondents, but
11 in reviewing the proposals in terms of the people
12 who have documented experience in being able to
13 operate both the facility, the residential facility,
14 and being able to provide service, we have found
15 that in the last five years, we have not utilized
16 the full amount of funding that we had available, so
17 we had the opportunity then to provide gap financing
18 to some of those projects that were not able to
19 secure alternative funding that they were looking
20 for.

21 So this year, when we had, for budgetary
22 reasons, to look at where we could make a reduction,
23 that was a practical decision we made, which was, we
24 had not used the full-time amount, we would reduce
25 that budget line and look at what responded to this

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2 past spring's RFP process.

3 COUNCILWOMAN BLACKWELL: But what about
4 the constituents who need the service? And can't we
5 find a way to have these inexperienced groups
6 partner with those who are experienced? What about
7 the whole body of people out there? You know, I
8 accept the fact that in housing, we have to deal
9 with every aspect thereof. You've got to deal with
10 a person sleeping on a grate as well as a person
11 living in a mansion, quote/unquote, so, you know,
12 none of us has the freedom to only deal with one
13 type of issue in this regard.

14 MS. MINTZ: Correct.

15 COUNCILWOMAN BLACKWELL: And so I
16 mention this in terms of transitional housing. What
17 about all the people who need this housing? You
18 know, where does it fit, or what have we done with
19 body of people who need the service?

20 MS. MINTZ: We have provided technical
21 assistance to emerging groups and they have
22 basically partnered with experienced providers. I
23 mean, the rule of thumb is that wherever you're
24 lacking experience, if you're lacking housing
25 experience and you have service experience, then you

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2 link with someone who has that other experience.

3 And we've encouraged partnerships repeatedly.

4 However --

5 COUNCILWOMAN BLACKWELL: Okay. So
6 you're saying instead of doing it the old way, you
7 cut back in the RFPs for special-needs housing and,
8 instead, try to steer those individuals or
9 organizations into technical assistance --

10 MS. MINTZ: No, no.

11 COUNCILWOMAN BLACKWELL: -- for
12 special-needs housing.

13 MS. MINTZ: What I'm saying is that the
14 organizations that we have not funded, we have not
15 funded because they've lacked experience. To
16 provide them with additional capacity, we have
17 provided them with technical assistance, and
18 following that technical assistance, we've
19 encouraged them also, in order to be more
20 competitive for funding, to link up with either a
21 housing provider or a service provider who has the
22 experience that they lack.

23 However, they do not always follow that
24 advice, and sometimes they will make up a third of
25 the proposals that come in. Their heart is in the

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2 right place, they want to provide special-needs
3 housing, but they still don't have the capacity to
4 do the project that they are proposing to do.

5 COUNCILWOMAN BLACKWELL: So what do we
6 do to get them ready since you have the clients out
7 there and you have people out there who want to do
8 it but they don't know how to do it?

9 MS. MINTZ: We continue to provide them
10 with technical assistance workshops through the
11 Greater Philadelphia Urban Affairs Coalition with
12 the technical assistance grant that we fund, we've
13 continue to provide partnership opportunities, and
14 we've also, in many cases, have directed
15 organizations and sat down with them and talked to
16 them about what experience they lack and what they
17 would need to do in order to be competitive.
18 Because it is a competitive process with very
19 limited dollars and we're looking at as much as we
20 can to ensure that when we do fund a project, it has
21 the best opportunity of coming to fruition.

22 COUNCILWOMAN BLACKWELL: My last
23 question on this issue, since we're belaboring it,
24 is: Then do we intend to increase, after all of
25 this, you know, trying to get these folks ready,

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2 then will we increase next year and go back to
3 3 million -- you said we're maybe not down 3 million
4 but down 1 million.

5 MS. MINTZ: Yes.

6 COUNCILWOMAN BLACKWELL: So then next
7 year, we're sponsoring work shops, we've got the
8 Urban Affairs Coalition or GPUAC or whomever,
9 technical assistance, etc., etc., then do we expect
10 to increase funding in this area the next funding
11 cycle next year?

12 MS. MINTZ: I would hope so but I don't
13 have the final say in that.

14 MR. KROMER: To respond more fully, we
15 can provide some information about groups that have
16 been funded based on qualified proposals and then
17 some information about the groups that have not
18 received development funding and what we're doing to
19 help advance them. And then if there are any groups
20 that have come to your office that you don't see on
21 either of those lists, then you can refer them to us
22 and we can show you what we'll be doing to help
23 advance their plans as well.

24 COUNCILWOMAN BLACKWELL: Thank you,
25 Mr. Kromer. Thank you, Miss Mintz.

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2 Councilwoman Tasco.

3 COUNCILWOMAN TASC0: Thank you very
4 much.

5 I just want to ask you a question about
6 projects. Now, tell me what's going to happen with
7 projects now. We've been asked to give you projects
8 that we want in our district, but we weren't asked
9 for them upfront. What's going to be different?
10 Now that we've given you these projects, how will
11 they fit in the overall plan of the Neighborhood
12 Transformation Initiative if that is what you all
13 are supposed to be coordinating?

14 MR. KROMER: In terms of the block
15 grant, the approach really would be very similar to
16 other years, and in past years, you and I and other
17 Councilmembers and I have talked about specific
18 development ventures that are not a part of the plan
19 but which the Councilmembers want to see dealt with
20 in the coming fiscal year. And some of that
21 discussion has been the result of a written proposal
22 that someone submitted, some of that discussion
23 originates in the Councilmember's office and then
24 comes into the public hearings and becomes a part of
25 the public hearings, and some of the discussion

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2 comes up at the time of the Finance Committee
3 hearing or even between the time of the Finance
4 Committee hearing and the approval of the plan.

5 And that's the way it will be with
6 respect to Year 27, so that we will, as we have in
7 the past, take seriously any proposals that we
8 receive from Councilmembers and will provide
9 whatever additional documentation is needed in the
10 final version of the plan to show that the
11 Administration is regarding these proposals as being
12 part of the Year 27 activity.

13 What will be different this year is that
14 rather than my saying to you, Well, you know, the
15 block grant is very limited and we had a lot of
16 demands on our funding and we can't do Section 108
17 and the State cut us back again, we'll be talking
18 about each of these ventures in a broader context in
19 terms of: what can the Housing Authority do, if
20 there's a link to the Housing Authority, as in
21 Tasker Village and East Poplar and Mantua; is there
22 an opportunity for State or federal funding under
23 the Bush Administration, and there are a couple of
24 significant opportunities that we've been pursuing;
25 is there a way to reduce some of the costs that are

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2 currently proposed in the plan such as the workforce
3 development cost and fund them somewhere else so
4 that we can free up those dollars to support the
5 development pipeline.

6 And so we're really going to broaden the
7 attempt to fund proposals that Council presents to
8 the Administration, but the standing of those
9 proposals and the seriousness of -- our seriousness
10 about getting them done and working with Council and
11 the constituents in each district to get them done
12 will be unchanged.

13 The neighborhood planning emphasis that
14 I referred to earlier, I think, really increases the
15 potential to actually implement these plans because
16 it will relate these funding decisions to a broader
17 neighborhood plan and to other activities that are
18 going on in the neighborhoods.

19 COUNCILWOMAN TASC0: Well, you know, my
20 concern is for the Logan area.

21 MR. KROMER: Yes.

22 COUNCILWOMAN TASC0: And I guess you're
23 prepared to respond to it. I'm looking now on Page
24 144. In the Year 26, we had for Logan acquisition
25 and relocation out of the Section 108 money

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2 \$3 million, but then the contract was only for a
3 million. So I'd like to know what happened to the
4 2. And now in Year 27, we go to 500,000, and as you
5 know, we still have an obligation to settle with
6 over from 180, 200 people, so it's going to run us
7 about 10 to \$12 million.

8 And in addition, we have the triangle,
9 where there are people living in the triangle who
10 are seeking assistance on a person-by-person basis,
11 not just we're going to do the whole triangle, but
12 based on the condition of the home or L&I inspection
13 that requires them to relocate. Where are the
14 dollars to support that effort? 'Cause it's got to
15 be an ongoing effort 'cause there's still people
16 there who have to be settled.

17 MR. KROMER: There are -- with regard to
18 the Logan Triangle itself, some of the reduction in
19 funding relates to the fact that most of the --
20 well, the Logan Triangle relocatees have all been
21 moved out, all the eligible families have left
22 the --

23 COUNCILWOMAN TASC0: I'm sorry, the
24 rectangle, the rectangle. The triangle's gone, the
25 rectangle.

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2 MR. KROMER: All right. Well, I'm just
3 talking about the commitment that was made at the
4 beginning of 1986 for the relocation. That
5 commitment has been honored and the Logan Assistance
6 Corporation, which has also received a substantial
7 amount of that funding, has not followed up with
8 documentation on its current activities or its
9 proposed activities during the coming fiscal year.
10 So we really need something more tangible from the
11 LAC in order to budget appropriately for future LAC
12 activities, and we really have seen the passage of
13 several months in waiting for information that we've
14 requested some time ago.

15 COUNCILWOMAN TASC0: Well, one of the
16 problems with that was that we were on the track to
17 developing a plan and got sidetracked 'cause we just
18 got a letter today that was addressed to HUD
19 yesterday.

20 MR. KROMER: Yes.

21 COUNCILWOMAN TASC0: And this was over a
22 year ago so it's not LAC's fault, fault does not
23 rest with LAC because they did not have the
24 resources as requested to follow through on that
25 planning, so that planning is in the process, but

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2 still, we have -- what is the plan and has the
3 Administration talked about the 180 to 200 people
4 who left Logan, who still have to be paid and
5 settled for their property? And until we can do
6 that, we can't even begin to talk about
7 redevelopment of that land 'cause we don't have site
8 control.

9 MR. KROMER: That's right. And there
10 are really two issues. One is determining who's
11 going to process those relocation payments and what
12 form of outreach are we going to use to notify those
13 people and provide those people with the benefits
14 for which they're eligible.

15 But the broader issue that you referred
16 to previously, I believe, is what about the occupied
17 areas that are adjacent to the cleared area, what
18 are we going to do there? And I think the evidence
19 is clear that preservation has to be the major
20 response in that area. We need funding for home
21 repair, for stabilization, for home improvement to
22 keep people in their homes and prevent abandonment
23 and prevent, again, a vacating of the area.

24 The block grant is one resource that can
25 support that, but clearly, when you look at the

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2 numbers, we don't have enough to do all of the
3 things that we need to do citywide plus mount an
4 ambitious preservation program in that area. And
5 that's the reason why I've emphasized leveraging of
6 other sources, as we're proposing to do with West
7 Oak Lane with the LISC Program that you helped get
8 organized.

9 COUNCILWOMAN TASCO: Well, you know, you
10 all keep talking about the West Oak Lane and, you
11 know, West Oak Lane is my district and I think if
12 you say, Well, we'll give somebody in West Oak Lane
13 some money, that will satisfy the 9th Councilmatic
14 District, but clearly, that money is needed there,
15 but even more so in the preservation of Logan, which
16 I've been talking about, and nobody has told me how
17 they plan to begin work in Logan for the
18 preservation, which I asked for two years ago and
19 asking for targeted program for that area. I hope
20 with this letter, we get the ability to use Home
21 money to help begin that planning process.

22 But you said -- you just said it, that
23 we don't have a lot of money, we have a lot more to
24 do, and you can't concentrate on the area. What
25 does that mean to the people who live in Logan? I

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2 mean, where is the planning for that area and where
3 is the commitment to that area?

4 MR. KROMER: In terms of the planning
5 for that area, I think in addition to the request
6 for outside support, and I have a copy of letter to
7 HUD, that this is another example of an opportunity
8 for Planning Commission activity to look at the
9 broad area and to look at the mix of preservation
10 and new development activities that has to take
11 place there.

12 COUNCILWOMAN TASCO: Well, will there be
13 money when we get ready to -- 'cause I have a group
14 now, Resources for Human Development, that said,
15 Look, we're ready to go in, and that was March of
16 last year, to go in and take some of those houses
17 and begin to rehab some of those properties so that
18 people will feel that at least something is being
19 done in Logan and folks who live there won't begin
20 to leave, you know, and that they'll stay and
21 something's going to be done, but nothing's been
22 done.

23 MR. KROMER: Well, the answer is no,
24 there isn't enough money in the Year 27 block grant
25 to support those activities, and that's why we've

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2 got to work together to broaden the base of funding
3 available for areas like Logan because the block
4 grant won't be enough, and if we just talk about
5 this as the funding resource, we're not going to be
6 happy and the public is not going to be served.

7 And I'm referencing the West Oak Lane
8 program as an example of leveraging other funding.
9 We've got to do that kind of thing in Logan to
10 preserve what we've got there now.

11 COUNCILWOMAN TASCO: Well, who made the
12 decision to give the money to West Oak Lane? Who
13 decided that was the targeted area?

14 MR. KROMER: There is no funding
15 commitment in place. My understanding is that LISC
16 brought the proposal in to the Administration with
17 your support and that it's on the table as a
18 proposal.

19 COUNCILWOMAN TASCO: Well, I understand
20 the money was committed. But then in terms of the
21 whole overall Neighborhood Transformation
22 Initiative, the blight program, in terms of the
23 overall plan for -- well, that's the Neighbor
24 Initiative question I imagine we'll have when you
25 come back here.

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2 MR. KROMER: Yes.

3 COUNCILWOMAN TASC0: But still, you just
4 can't -- you just can't take one organization and
5 trot it out as the poster child and then say for the
6 other areas, you don't have anything or you can't
7 plan for anything for that area 'cause we don't have
8 enough money in community development block grants
9 and we don't know what's going to happen with the
10 Neighborhood Transformation Initiative, just give us
11 the money, and we'll decide what's going there.
12 That's the problem.

13 MR. KROMER: I agree that's
14 unacceptable. We've got to respond by saying we've
15 got the block grant and we have these other funding
16 elements, and in that way, we're going to do the job
17 that we need to do to support your neighborhood.

18 COUNCILWOMAN TASC0: Well, let's go back
19 to the rectangle; it was the rectangle I was
20 referring to where the individuals as homeowners can
21 seek assistance from Logan Assistance Corporation
22 based on the bylaws on an individual basis. While
23 we're not going through there as we did before and
24 do the wholesale evaluation of each property, but as
25 a homeowner experiences some problems with their

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2 home, and L&I certainly has some say in what happens
3 there, if they have to leave, then LAC is
4 responsible for their relocation expenses. And I
5 think that there has to be some consideration made
6 for that, and I don't think \$500,000 going to do it,
7 and I want to know what happened to other 2 million
8 from the 3 million. Did that money go someplace
9 else? Where did it go?

10 MR. KROMER: I'm sorry?

11 COUNCILWOMAN TASC0: The \$3 million for
12 Year 26, you only appropriated -- the contract was
13 only for a million, so at least 2 million, so
14 where's the other 2 million?

15 MR. KROMER: I don't have the answer
16 this afternoon, but I can, through the Chair,
17 provide the detail on what's been spent, what it's
18 been spent on, and what the reason is for the change
19 in proposed funding level.

20 COUNCILWOMAN TASC0: I think it should
21 stay in the budget; I don't think you should take it
22 out, given the fact that we still have people over
23 there, 'cause you're going to have a problem if you
24 don't.

25 MR. KROMER: Mm-hmm.

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2 COUNCILWOMAN TASC0: I think the money
3 was appropriated already in Year 26. On Page 144,
4 \$3 million, Logan acquisition and relocation. And I
5 understand the contract was only for a million
6 dollars, so there's \$2 million floating around
7 someplace.

8 MR. KROMER: The Office of Housing and
9 Community Development has some information on that
10 that I think will respond to your question.

11 COUNCILWOMAN TASC0: Okay, thank you.

12 (Witness comes forward.)

13 MR. LYLES: Good afternoon. My name is
14 Roderick Lyles. I'm the Fiscal Officer for OHCD.

15 As it relates to the Section 108
16 development for CD Year 26, OHCD is not in receipt
17 of those funds. The \$1 million funding that was
18 currently provided, which is a temporary measure
19 until such point those funds are, in fact, received.

20 COUNCILWOMAN TASC0: But last year, you
21 committed \$3 million, you applied for \$3 million.

22 MR. LYLES: That is correct.

23 COUNCILWOMAN TASC0: It was appropriated
24 for Logan.

25 MR. LYLES: Correct.

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2 COUNCILWOMAN TASC0: When get the money,
3 it should go to Logan. You're going to get the
4 money, right?

5 MR. LYLES: Well, we --

6 COUNCILWOMAN TASC0: You got the money,
7 right?

8 MR. LYLES: No. We are not -- as we
9 speak, we are actually not in receipt of the funds
10 as it relates to the Section 108 for CD Year 26.

11 COUNCILWOMAN TASC0: So are they
12 coming? Are the funds coming?

13 MR. KROMER: Yes. And when we receive
14 them, they will be available during the coming
15 fiscal year, and so the full amount that you are
16 calling for will be available during fiscal 02.

17 COUNCILWOMAN TASC0: Will the full
18 amount be appropriated for Logan?

19 MR. KROMER: It won't go anywhere else.
20 The question of how it gets appropriated will depend
21 in part on how Logan Assistance Corporation responds
22 to the outstanding request for documentation and
23 also on the Administration's policy for processing
24 the relocation caseload of eligible relocatees that
25 have still not yet received benefits and the

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2 question of whether some of that should be done
3 through the Redevelopment Authority or through the
4 Logan Assistance Corporation.

5 COUNCILWOMAN TASC0: Well, I think the
6 responsibility also rests -- as I understand it,
7 there was supposed to be an effort made to come up
8 with a plan to deal -- oh, the other question, the
9 ineligibles. I understand that Specter and Santorum
10 last year committed \$300,000 in the federal budget
11 to help with the ineligible. Have you received
12 that money? have you been asked to apply for that
13 money?

14 MR. KROMER: I haven't received that
15 money but I have heard the information that you
16 described and I will get back to you.

17 COUNCILWOMAN TASC0: What is your
18 department doing to follow through to get those
19 dollars?

20 MR. KROMER: I don't know what the plans
21 are, but I will get back to you with more
22 information on what the dollars are and what the
23 opportunities are to pursue them.

24 COUNCILWOMAN TASC0: Has anybody
25 approached Senator Santorum or Senator Specter to

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2 follow through on the \$300,000 commitment?

3 MR. KROMER: I don't know but, again,
4 I'll find out and get back to you quickly.

5 COUNCILWOMAN TASC0: Okay. Now, that
6 money, I understand, was to be spent for. . .

7 Okay, we still have four ineligibles who have to be
8 settled, and that was to rest with you guys in terms
9 of how you're going to handle that.

10 So we have \$3 million, plus \$300,000,
11 right?

12 MR. KROMER: That's correct.

13 COUNCILWOMAN TASC0: Right. So, still,
14 there are people in the rectangle who have to be --
15 I want the money to remain appropriated for Logan is
16 the bottom line.

17 MR. KROMER: I understand.

18 COUNCILWOMAN TASC0: All right.

19 MR. KROMER: It won't go anywhere.

20 COUNCILWOMAN TASC0: The other question
21 -- let's talk about my favorite subject, which I'm
22 sure you do not want to have a conversation about,
23 and that is Bill 715. We passed Bill 715, which
24 came as a result of last year's discussion here,
25 where we wanted to gain additional dollars for

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2 as Director of OHCD to say, you know, we're going to
3 wait on this and or we're going to wait and see or
4 whatever. We've got a responsibility to move on the
5 issue and address the issue.

6 We've done a couple of things to date,
7 and we're going to keep moving on this during Year
8 27. We've initiated, with the support of Alison
9 Hughes, a training program for all of the existing
10 housing counseling agencies. The first two rounds
11 of training have been completed, a third round is in
12 process. The testing of the counselors who have
13 been trained has occurred; the testing results have
14 been very satisfactory. I feel that the level of
15 knowledge and expertise that our counselors have
16 with respect to the predatory lending issue is
17 substantially greater than it was a year ago or even
18 six months ago as a result of this training.

19 And I've initiated a series of biweekly
20 meetings with representatives of the counseling
21 agencies, coordinated through Miss Hughes and the
22 housing counseling agency of Philadelphia and in
23 concert with the Predatory Lending Task Force, and
24 it does meetings every other week. We talk about
25 what we are going to do together to increase the

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2 capability of our counseling agencies to address
3 this issue.

4 Our most recent meeting last Friday
5 focused on two subjects, which I think are critical
6 to Year 27. One was what exactly are the services
7 that the counselors should be providing to people
8 who have been victimized by a predatory lender or
9 who will be warned about the threat of predatory
10 lending. If somebody shows up at a City-funded
11 counseling agency today and says, you know, I'm
12 interested in purchasing a home, what services do
13 you provide? The counselor can be very specific
14 about what the scope of services is, and I can
15 describe it to you.

16 We don't have that kind of specific
17 scope of services that relates to the predatory
18 lending issue, and we're determined to get that by
19 July 16th so that we have a written published
20 statement of the services that are available through
21 these counseling agencies. And when people contact
22 these agencies as a result of our outreach, that
23 they get a very clear presentation of what it is
24 they're being offered.

25 And there are trained staff in every

15 Again, the picture is changing
16 substantially from the picture a year ago. We've
17 got about 60 City-funded trained housing counselors,
18 and by the middle of July, I would want to be able
19 to tell you and the rest of the public what the
20 breakdown in service is so that you would know how
21 many of those 60 are working exclusively on
22 predatory lending issues, how many are splitting
23 their time between that and pre-purchase, and how
24 many are continuing to work on pre-purchase.

25 We have also been discussing an outreach

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2 that would be supported by the City but would bring
3 in the advocacy groups, the churches and the civic
4 organizations, and do the things that we've talked
5 about over the past year in terms of making known
6 information about the threat of predatory lending
7 and the opportunity to get assistance in dealing
8 with that threat.

9 And we'll be contacting the lending
10 institutions and the intermediaries such as the
11 Reinvestment Fund and ACORN who have expressed
12 interest in developing new products and determine
13 whether by the 16th, they could roll out those
14 products; and if not, whether by the 16th, we could
15 start promoting them, you know, for a roll-out in
16 August or September.

17 So, again, I'm very concerned about the
18 legislation, the legal issues, and so on, but in
19 terms of OHCD's responsibility and what we need to
20 do and our determination to move forward, we're not
21 slowing down. And to the extent that your office
22 wants to see us doing something more than that, or
23 if there's some request for additional support, we
24 want to be very responsive, because there's no
25 question that that issue has got to be addressed.

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2 COUNCILWOMAN TASC0: Well, in the bill,
3 and until the Administration can decide which
4 department will enforce the legislation, right now,
5 OHCD is in the bill to do that.

6 MR. KROMER: Yes.

7 COUNCILWOMAN TASC0: But we left it to
8 -- during the course of the legislation, we said,
9 Well, it's up to the Administration to determine if
10 they want someone else to do that but we believed it
11 was the most appropriate as I believe the task force
12 came up with -- the drafting committee decided,
13 based on their intensive discussions, that since you
14 are in housing and control the counseling process,
15 that your department would be the best department to
16 oversee the legislation.

17 And let's forget the legal issues;
18 that's an aside that we'll be taking care of. But
19 we have to proceed in any case with or without
20 that. And we do have to form the advisory board,
21 which we will work with the Administration to do.

22 MR. KROMER: Okay.

23 COUNCILWOMAN TASC0: What about the
24 enforcement piece? Have been given any instruction
25 about that yet?

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2 MR. KROMER: No, I don't have any
3 information on that but, again, I can provide some
4 more detail if there's something additional to
5 report.

6 COUNCILWOMAN TASCO: We'll talk about
7 it. Thank you.

8 COUNCILWOMAN BLACKWELL: Thank you,
9 Councilwoman Tasco.

10 Councilman Mariano.

11 COUNCILMAN MARIANO: Thank you, Madam
12 Chairwoman.

13 COUNCILMAN MARIANO: Mr. Kromer, how you
14 doing?

15 MR. KROMER: I'm doing fine, thank you.

16 COUNCILMAN MARIANO: You forgot to come
17 -- you forgot to come to our meeting the other day
18 that we had scheduled. You didn't call. I was left
19 waiting at the altar. My feelings are hurt.

20 MR. KROMER: I'm sorry to leave you at
21 the altar, but this is the first I've heard of the
22 meeting.

23 COUNCILMAN MARIANO: Well, it was on my
24 schedule. But anyhow, on May the 2nd of this year,
25 I received a letter denying funding for the WCRP

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2 and a little smarter about the way that we use the
3 block grant in neighborhoods. There's a need for a
4 little more planning to guide the investment, not
5 just an RFP, but a neighborhood plan so that
6 everything fits together.

7 And as you know, the issue with respect
8 to WCRP was that part of the parcel that was
9 proposed for housing development, Phase 1 and Phase
10 2 of the residential venture, was the same land that
11 the Commerce Department, apparently with the
12 community's consent, had been acquiring for economic
13 development. So somebody didn't talk to somebody
14 else.

15 And I don't think that means we need to
16 get into a, you know, multi-year planning process,
17 but I think it will be easy for everybody to get to
18 the table and put together the appropriate plan for
19 Norris Square. That includes the housing
20 development, the economic development element, and
21 included in that discussion WCRP. Where's it going
22 to be, how many units, what's the cost going to be,
23 CDBG and what else are going to be the funding
24 sources, and how are we going to move this thing
25 this coming fiscal year.

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2 The commitment to move ahead with
3 ventures that you're concerned about, including
4 Third and Diamond, is unchanged. We're going to
5 work with you to get this moving and to get this to
6 happen. We just want to do it a little more
7 systematically than we did last year so that we
8 won't be stuck as we were last year with this one
9 and others.

10 COUNCILMAN MARIANO: So basically WCRP's
11 project at Third and Diamond, I understand you're --
12 when you say economic development, I guess you're
13 referring to that originally, they were in the KOZ
14 and then they were told and they moved out. And
15 when we had this meetings in my office a couple
16 months ago, you didn't know anything about a KOZ,
17 but Commerce tells me that your office knew all
18 about it.

19 Now, I'm a very simple guy. When am I
20 getting the money, when are they doing the project?
21 And if it's not going to happen this year, I'm going
22 to make it happen this year. So you got to figure
23 out how to do this dog and pony show that you come
24 up here and every do it and not anger -- see I'm
25 getting sensitive, I'm not going to say "pissed

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2 off," but not anger nine of us.

3 COUNCILMAN MARIANO: Mm-hmm.

4 COUNCILMAN MARIANO: Because if the nine
5 of us vote against this, nothing happens.

6 So what you're saying is on the record.

7 You understand that, right?

8 MR. KROMER: Yes.

9 COUNCILMAN MARIANO: So am I getting
10 that project this year, or am I not? No respects to
11 the other Councilpeople, let them work on you.
12 Third and Diamond I want that. Now, if that's not
13 going to happen, tell me now. Don't come back in
14 four months and tell me something different or come
15 back in six months and we play this game forever,
16 'cause I can last, I'm getting paid by the hour
17 here, it doesn't matter.

18 MR. KROMER: I understand. And my
19 commitment this year --

20 COUNCILMAN MARIANO: Am I getting my
21 project, Mr. Kromer?

22 MR. KROMER: My commitment this year is
23 the same as it's been every year. That is --

24 COUNCILMAN MARIANO: Mr. Kromer, am I
25 getting the project at Third and Diamond?

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2 MR. KROMER: You will get the project
3 included in the plan.

4 COUNCILMAN MARIANO: And then we sit
5 down and we decide who gets and who don't get it.
6 See, that's the problem that goes on. That's why
7 nobody's here, that's why there's three or four or
8 five or six Councilpeople sitting here. When you
9 come and give us the same -- I don't know, what's
10 the sensitive word for "bullshit"? Caca, the same
11 caca every year.

12 Come on, John. We're adults here.

13 MR. KROMER: No, there's nothing --

14 COUNCILMAN MARIANO: I'll be 46 on my
15 next birthday.

16 MR. KROMER: There's no venture --

17 COUNCILMAN MARIANO: Tell me I don't got
18 it and I'll go lobby to get it, but we got to know.

19 MR. KROMER: Every venture that is
20 published in the plan that is authorized by the
21 Mayor and City Council moves ahead. That's the way
22 it's been for a decade.

23 COUNCILMAN MARIANO: The Majority Leader
24 asks projects, I gave her the project that I wanted,
25 one project, she got it. I only have one in the

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2 district that I'm working on right now, that's it,
3 and only because they were stiffed for the last
4 couple years.

5 This is very important project, but we
6 have to make these things more clearer for us.

7 MR. KROMER: Absolutely, but some of
8 that responsibility falls on the developer and --

9 COUNCILMAN MARIANO: John, are you a
10 lawyer?

11 MR. KROMER: And when we have a conflict
12 between land uses, we've got to resolve that.

13 COUNCILMAN MARIANO: Are you a lawyer
14 too? Did I miss that? Are you?

15 MR. KROMER: No, I'm not, I'm sorry to
16 say.

17 COUNCILMAN MARIANO: I got a feeling you
18 can lie and keep a straight face.

19 Am I getting my project?

20 MR. KROMER: We'll do just what you've
21 asked. We'll work --

22 COUNCILMAN MARIANO: How much money is
23 there going to be citywide for projects?

24 MR. KROMER: If you look at the budget
25 on the first pages of the budget breakdown, housing

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2 production, Page 141, the total amount is

3 18.4 million.

4 COUNCILMAN MARIANO: Divided by 10

5 Council districts.

6 MR. KROMER: No, that's exactly not the

7 way we want to do it.

8 COUNCILMAN MARIANO: Why not?

9 MR. KROMER: Because there's not enough

10 money --

11 COUNCILMAN MARIANO: You mean you like

12 DiCicco better than me? Is that what you're telling

13 me?

14 MR. KROMER: 18 --

15 COUNCILMAN MARIANO: So he's getting

16 three projects and I'm not getting any? John --

17 MR. KROMER: I like you much better than

18 him.

19 COUNCILMAN MARIANO: You know, I got all

20 the friends I need in the world. I just need to get

21 this project done.

22 MR. KROMER: I understand. And we'll do

23 -- as in the past, we'll work with you to get that

24 done and to get the other development ventures that

25 you identified moving.

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2 COUNCILMAN MARIANO: But 18.5 million --
3 well, how do you decide who gets what and what
4 districts get anything? I mean, is it a top secret
5 like a secret society I have to get in or what? I
6 mean, what's going on? How do we decide?

7 MR. KROMER: There are two things we've
8 got to do. One is, we've got to get them ready to
9 be funded. WC --

10 COUNCILMAN MARIANO: But RCP did all of
11 that stuff --

12 MR. KROMER: No.

13 COUNCILMAN MARIANO: And they've been
14 sitting there for a couple years. You know, I'm
15 getting different stories from them, from Commerce,
16 and from you. That's what confuses this whole
17 issue.

18 MR. KROMER: Proposing housing on a
19 commercial development site does not constitute
20 being ready for a plan.

21 COUNCILMAN MARIANO: Well, that was a
22 mistake. Then they came and say, Okay, now we
23 understand and we changed it, but that was a couple
24 years ago. They've been waiting a couple years
25 since they flipped off the KOZs, which, by the way,

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2 they had this before the City came and made it a
3 KOZ. And when come into a neighborhood and decide
4 that something's going to be a Keystone Opportunity
5 Zone, who are you calling? They're not calling me,
6 I'm just a District Councilman there. They're not
7 Angel, he's an at-large Councilman, or Councilman
8 Goode or anybody.

9 MR. KROMER: Council authorized the
10 KOZs.

11 COUNCILMAN MARIANO: Yeah, they
12 authorized KOZs, but you didn't ask us to pick where
13 they were going to be, 'cause I wouldn't have wanted
14 to pick there 'cause I would have known that RCP
15 wanted their project there.

16 COUNCILMAN ORTIZ: (Inaudible, off-mic.)

17 COUNCILMAN MARIANO: Certainly,
18 certainly.

19 COUNCILMAN ORTIZ: I think what is not
20 being said is that, in essence, the same thing that
21 happened the other day here, when we had the Chief
22 of Staff. The problem is that there is a
23 neighborhood transformation plan that has not been
24 developed.

25 The CDBG money is going to go into that

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2 supposed plan that is supposed to be developed.
3 Since it hasn't been developed and they have not
4 made a decision on how they're going to make use of
5 that CDBG money, the poor gentleman here cannot give
6 you any explanation as to what because all of that
7 money is going into NTI, and then that's why we keep
8 on asking questions of the -- as you asked the
9 question of the Chief of Staff, and they had no
10 answers for that.

11 So they're trying to decide -- I mean,
12 they're trying to reconcile different budgets here
13 -- PHA, CDBG, right? What else, RDA or something?
14 Come up with some private investment that -- you
15 know, this is like the stadium deal, right? There
16 are shortfalls here, there are shortfalls, there are
17 shortfalls everywhere. And there are plans galore,
18 but no plan in black and white.

19 So places that need economic
20 development, that need a comprehensive -- the Fifth
21 Street Corridor, Frankford and so on, we cannot get
22 to that because nobody knows what they're going to
23 do as of the present time. That's where we're at,
24 isn't it?

25 COUNCILMAN MARIANO: He's not allowed to

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2 say.

3 And let me just say this. Councilman
4 unlike you, I don't see a bogeyman behind every
5 rock, and I believe that's good. But, Councilman,
6 what I really think it is is, he's here doing his
7 job, he can tap dance all day long, but you know
8 what? I sat down with this mayor when he was a
9 mayor for three months, and we sat up in my office
10 upstairs, and my staff went, Christ, we've been
11 working here six years and we never seen the Mayor
12 come up on the fourth floor, on the fifth floor, he
13 sat in there. We sent a guy to Milwaukee, we sent a
14 guy to Baltimore. And you know what, it's a big
15 plan. You don't just knock houses down, they know
16 that.

17 COUNCILMAN ORTIZ: But --

18 (Unintelligible, parties talking over
19 each other.)

20 COUNCILMAN MARIANO: But something's
21 being missed here. I hear what you're saying. I
22 don't totally agree, but something's amiss here, and
23 the thing that's amiss is, the Commerce Department
24 don't know he's doing or he don't know what they're
25 doing. So I'm not sure exactly what's going on.

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2 And that's why I wanted to introduce the bill. We
3 could have introduced the bill and hashed it out
4 here and found out that's just what they had in
5 mind.

6 COUNCILMAN ORTIZ: That's exactly what I
7 said. They haven't spoken yet. In order to develop
8 that plan that they're supposed to present to us at
9 one moment or another. It could be six months from
10 now, it could be a year from now, but the CDBG money
11 is going to be a part of that NTI plan.

12 COUNCILMAN MARIANO: Sure.

13 MR. KROMER: I really feel left out of
14 this dialogue. If I could just speak for a moment.

15 I really, with respect, would not agree
16 with your characterization, Councilman Ortiz. It's
17 not really correct that the --

18 COUNCILMAN MARIANO: John, don't feel
19 bad. The glass half full in his world -- or half
20 empty. Mine's half full. It's just differences in
21 people.

22 MR. KROMER: I wouldn't say that the
23 block grant going into the Neighborhood
24 Transformation Initiative. Clearly, the block grant
25 is --

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2 COUNCILMAN MARIANO: John, it's going to
3 be a part of it, though.

4 MR. KROMER: One element.

5 COUNCILMAN MARIANO: Oh, I don't care
6 what he's got to say.

7 MR. KROMER: We agree. It's one part of
8 the Neighborhood Transformation Initiative.

9 At the same time, though, in terms of
10 what's in black and white, here it is, and it's very
11 similar to what has been presented in the past in
12 terms of the range of activities. What's different
13 -- and this is a critical issue -- is that we don't
14 have the money that we used to have, we don't have
15 enough money to pay for all of the preservation
16 activities that need to go on citywide in the areas
17 that we're concerned about, plus pay for --

18 COUNCILMAN MARIANO: John who are we
19 asking these things?

20 MR. KROMER: If I could finish a
21 sentence.

22 COUNCILMAN MARIANO: Who are we asking
23 these questions to?

24 MR. KROMER: Plus --

25 COUNCILMAN MARIANO: You got ten

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2 District Councilpeople. If you're not asking us,
3 who are you asking, who? The Mayor certainly knows
4 that, he was a District Councilman. He sat in that
5 seat, then went up there. He knows. Who are we
6 asking? You didn't ask me 'cause I told you we
7 wanted to do this one. Maybe you asked DiCicco, I
8 don't know. Or maybe you asked Councilwoman
9 Blackwell.

10 John, you're doing a job, and I
11 understand it. And if it looks like I'm picking on
12 you, tough, you're a big boy, you're getting paid
13 big money. I got to have these answers for these
14 people. This isn't fun. You know, we do the same
15 stuff all the time. Now we're changing the plan in
16 the middle of the game without explaining the
17 rules? Come on, if you can't tell us, who can you
18 tell?

19 MR. KROMER: No, I understand.

20 COUNCILMAN MARIANO: I'm for the
21 program. I want to introduce it and hash it all
22 here and start finding out what's going on 'cause
23 I'm excited about it. I know the people in
24 Frankford got plans and I know the people down here
25 have plans in they're different from the ones in

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2 Frankford, and the people on Byberry Road have
3 different plans. We understand all of that, but
4 everybody around here is so afraid of everybody,
5 they're afraid to say what they really want to --
6 what has to be said.

7 MR. KROMER: I understand. And if my
8 top priority were making you happy, then I'd say --

9 COUNCILMAN MARIANO: Well, then I would
10 marry you, John.

11 (Unintelligible, parties talking over
12 each other.)

13 MR. KROMER: Before that, I'd say we
14 promise \$1.5 million to WCRP. You'd be happy, we'd
15 go on our way. that won't work, for a couple of
16 reasons. The proposal that we have, that we
17 received, that has legal standing that we got
18 several months ago -- not several years ago --
19 conflicts with another community proposal for
20 economic development in the same location.

21 COUNCILMAN MARIANO: Didn't we talk
22 about all that?

23 MR. KROMER: And that's unacceptable.
24 And we can't straighten that out on the fly. We've
25 got to be serious about what the plan is.

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2 Secondly --

3 COUNCILMAN MARIANO: John what was the
4 key word of that meeting? Who did we bring in
5 there? We brought Patricia DiCarlo up and she told
6 you there was certain people that were designated
7 and they're the ones that want that here. I mean, I
8 have nothing against the other group. Let's go on
9 to other plans. That's what I don't understand.

10 MR. KROMER: Well, we'll get it done,
11 and that's our commitment, to work with you.

12 COUNCILMAN MARIANO: When, when, when?
13 Give me a date, when?

14 MR. KROMER: It's the same commitment as
15 we give every year. During the fiscal year, we're
16 going to work with you and the developer to get this
17 thing moving ahead.

18 COUNCILMAN MARIANO: And there's no
19 other problems with that that we need to know
20 about? Could you call my staff and tell Huey
21 anything that has to be cleaned up for that so we
22 can do that?

23 MR. KROMER: There are really -- you can
24 call them "problems," but there are two big issues
25 we've got to address. One is, what is the plan for

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2 that area, where is the housing going to go, where
3 is the commercial going to go, is everybody on board
4 with the assignment of various land uses. We should
5 be able to straighten that out pretty quickly. But
6 can't have a situation in which the written proposal
7 says one thing and the phone call tells me something
8 different a little bit later.

9 Secondly, we've got to have a funding
10 approach. We don't have enough money to fund Third
11 and Diamond and all of the other ventures that we've
12 committed to. And that's really where the
13 Neighborhood Transformation Initiative comes in.
14 We've got to broaden resource case. In some cases,
15 we can bring in other public agencies like the
16 Housing Authority, to which Councilman Ortiz
17 referred. But without that, we're not going to get
18 anything done.

19 COUNCILMAN MARIANO: John, the Norris
20 Square Civic Association supports this plan and they
21 are the group of record in that area. I mean, we
22 set up rules and then they go by 'em and then we
23 change them. Am I wrong? Is Norris Square the
24 group of record?

25 MR. KROMER: That's right, and we --

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2 COUNCILMAN MARIANO: And are they not in
3 favor of this plan?

4 MR. KROMER: Yes, they are.

5 COUNCILMAN MARIANO: Do I have to go up
6 there and bring Patricia down here to tell you? She
7 told you, right?

8 MR. KROMER: Yes.

9 COUNCILMAN MARIANO: So then why is this
10 happening? Why are we to this point? This should
11 have been done two years ago, but it's not, so I
12 want to do it this year.

13 MR. KROMER: That's great and we're
14 going to work with you to achieve that.

15 COUNCILMAN MARIANO: Then why are you
16 saying we got to straighten things out? We don't.
17 We know who's in charge at that point, them. Why?

18 MR. KROMER: Well --

19 COUNCILMAN MARIANO: Can you tell me
20 something outside off the record? You could tell me
21 that.

22 MR. KROMER: No.

23 COUNCILMAN MARIANO: This isn't a game
24 with me. I want to make these people happy 'cause
25 that's what I was elected to do and I want to do

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2 it. I mean, it doesn't matter if you like me or
3 not.

4 MR. KROMER: I understand.

5 COUNCILMAN MARIANO: What more do I got
6 to do?

7 MR. KROMER: You've done what you need
8 to do. And as in every year, we're going to work
9 with you to move this to implementation. That's all
10 we need to say.

11 What I need to do, though, with your
12 support, is to sit down, not only with the civic
13 association and not only receive, you know, the
14 letter or the phone call, but look at the total plan
15 for that community to make sure that one group's
16 interest, WCRP's, isn't conflicting with some other
17 interest. And that's the problem we've had. It's a
18 solvable problem and we're going to work with you to
19 solve it.

20 COUNCILMAN MARIANO: Somewhere along the
21 line, you told Norris Square that they were the
22 group of record and, you know, I didn't make that
23 up, you didn't make that up, somebody's -- so why do
24 we got to do that now?

25 MR. KROMER: Absolutely. They're the

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2 group we'll work with, and that's the only
3 commitment we make to any group: We're going to
4 work with you, we're going to collaborate with you.

5 COUNCILMAN MARIANO: Well, didn't they
6 make that clear when we had that meeting at my
7 office that that's what they wanted? I mean,
8 Patricia stood there and told us, right?

9 MR. KROMER: Well, even at that meeting,
10 I didn't have a clarification on the Commerce
11 Department acquisition and the KOZ, which,
12 apparently, they supported as well.

13 COUNCILMAN MARIANO: Okay.

14 MR. KROMER: So I was hearing two
15 different versions from the same source.

16 COUNCILMAN MARIANO: But you and I,
17 we're clear now on what I want there and what Norris
18 Square wants. Do we need to make anybody else happy
19 there?

20 MR. KROMER: You and I, I think, are
21 very clear, and I don't think it will be difficult
22 to bring in the other parties that need to be part
23 of a plan for that area and get this thing together.

24 COUNCILMAN MARIANO: Could you tell me
25 who the other parties are on the record, or would

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2 you rather tell me --

3 MR. KROMER: Oh, absolutely. It's
4 primarily the Commerce Department and the Planning
5 Commission to make sure that we're all on the same
6 page.

7 COUNCILMAN MARIANO: But there's no
8 other civic groups that's going to be mad at us, is
9 there?

10 MR. KROMER: No.

11 COUNCILMAN MARIANO: Okay.

12 MR. KROMER: Not that I know of --

13 COUNCILMAN MARIANO: You're shaking your
14 head, Rose. Stand up and tell me. Let's get this
15 out 'cause I got all night. My pizza don't come
16 till 6. Rose, come on and testify.

17 (Witness comes forward.)

18 COUNCILMAN MARIANO: This is the stuff
19 that drives me crazy. I want to know what goes on
20 'cause this is the only thing I get to do. And
21 when I walk from here to the bathroom, a million
22 people are grabbing me for other things and I only
23 have so much left up here.

24 Go ahead. Say your name for the record
25 and who you represent.

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2 MS. GRAY: Rose Gray, Director of
3 Development for Association Puerto Riquenos En
4 Marcha. I'm here today, as I say, out of order, but
5 I'll speak our piece.

6 There is a conflict between Norris
7 Square Civic and Association Puerto Riquenos En
8 Marcha about boundaries, and it's been that way for
9 the last ten years. We were not aware of the
10 project at the beginning of it, and we work with the
11 community group, and we're working with the
12 Empowerment Zone to create an economic corridor so
13 we support the separation of housing and industrial
14 development along American Street.

15 So if Miss DiCarlo or Nora
16 (indiscernible) want to speak with me, that's fine.
17 But our boundaries go to American to Eighth, York to
18 Montgomery.

19 COUNCILMAN MARIANO: You know I've
20 worked with you in the past.

21 MS. GRAY: Yeah.

22 COUNCILMAN MARIANO: But the stuff
23 that's boggling my mind is somewhere along the line,
24 somebody told Norris Square that they were the boss
25 of bosses here in that particular area. You know

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2 what I mean, they were the community group --

3 (Unintelligible, parties talking over
4 each other.)

5 MS. GRAY: Whatever's good for the
6 community.

7 COUNCILMAN MARIANO: They were the civic
8 group of record, but you understand that, right?

9 MS. GRAY: Yes. But, Councilman,
10 whatever's good for the community, and we have a
11 difference of opinion --

12 COUNCILMAN MARIANO: Thank you. And we
13 can work that out.

14 MS. GRAY: And we can try to work it out
15 but I've not been contacted by either party.

16 COUNCILMAN MARIANO: Okay. We'll do
17 that next week, but now that you've cleared that up,
18 how does that happen, John? How does Norris Square
19 get to the point where they're the civic group of
20 record and she don't know it, but her group's the
21 next one up.

22 MS. GRAY: Well --

23 COUNCILMAN MARIANO: I don't think you
24 know, but you stay here.

25 MS. GRAY: I don't think it's the City,

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2 it's the community group to figure it out. That's
3 my opinion.

4 COUNCILMAN MARIANO: But somewhere along
5 the line, Commerce or John's group or somebody has
6 to set up rules or we'd all just be free agents
7 running around and it would be bedlam.

8 MR. KROMER: Our work in the Third and
9 Diamond area, to the extent that any community group
10 has been involved has been exclusively with Norris
11 Square. And so we've continued to communicate with
12 them. We really haven't had any activity with APM
13 in the Third and Diamond area, but if they're an
14 interested party, if there's a need to bring them in
15 or any other group, we need to be open to that.

16 COUNCILMAN MARIANO: Rose, how does all
17 that happen? Like, how do you -- like, you've been
18 doing that stuff for a long time, as long as I've
19 been Councilman, I know that. How does it get to
20 the point where you find out that? Who do you call?

21 I mean, do you -- how do you find out who makes
22 the decisions? You know, you're fighting for
23 projects, they're fighting for projects, and we're
24 all driving Kromer nuts for money.

25 MS. GRAY: This is the first time we've

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2 ever stumbled onto an issue like this.
3 COUNCILMAN MARIANO: Okay.
4 MS. GRAY: Usually it's pretty
5 clear-cut. So this is an overlap of a project, it's
6 an overlap.
7 COUNCILMAN MARIANO: Thank you.
8 MS. GRAY: You're welcome.
9 COUNCILMAN MARIANO: Thanks for your
10 help, thanks for coming.
11 MS. GRAY: Thank you.
12 COUNCILMAN MARIANO: She was jumping up
13 and down back there and I had to --
14 MS. GRAY: I was going nuts.
15 COUNCILMAN MARIANO: I'm glad, I'm glad.
16 So, John, what did we learn here today?
17 Run everything past Councilman Mariano and his
18 district so he knows. Don't listen to the at-large
19 people, they're not interested, right guys? They're
20 not saying nothing. Wilson's laughing. Angel, he's
21 throwing stuff at me.
22 We're going to do this, right? How many
23 times did I ask him Wilson, ten? All right.
24 Wilson's got my back over there.
25 Thank you, Mr. Kromer.

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2 MR. KROMER: Thank you.

3 COUNCILMAN MARIANO: It will be easier
4 next time if you don't lie to me.

5 COUNCILWOMAN BLACKWELL: Thank you very
6 much.

7 Mr. Kromer, on Page 69, under Employment
8 and Training, only a handful of employment and
9 training providers are identified and none in West
10 Philadelphia are identified. Is it possible for us
11 to include -- for example, we have -- in fact, we
12 someone who's here, Jean Bunn, who does the
13 Hospitality Institute that we're trying to get. We
14 have a commitment from Penn to use their hotels and
15 she could provide the training. Is there some way
16 we could expand that program to include something
17 for west and southwest?

18 MR. KROMER: We'd like to do two
19 things. One is expand the effort, but secondly, to
20 the extent possible, just take it out of the CDBG
21 funding stream and get more activities funded
22 through the workforce development programs that were
23 intended to fund them.

24 So we'd be glad to look at that programs
25 and others in West Philadelphia as part of an effort

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2 to increase the funding resources for that.

3 COUNCILWOMAN BLACKWELL: Thank you.

4 I'll send you a memo -- I'll send you a letter with
5 that regard.

6 MR. KROMER: All right. We'll look for
7 that.

8 COUNCILWOMAN BLACKWELL: Also, let me
9 ask you about jobs. I know on Page 70, is it? Page
10 70, PHDC refers to jobs. I know we've referred
11 people to them in the past, although we don't get
12 feedback. How does that work? I mean, I came up
13 with a flyer that we had from, like, 1999 and some
14 of the things they list are carpentry, electrical,
15 wiring, etc., etc., life skills readiness, driver
16 education, and a coupled with that, maybe this is
17 something that can be done in conjunction with the
18 unions and their new added emphasis in our city
19 today.

20 (Witness comes forward.)

21 MR. MCINTOSH: My name's Anthony
22 McIntosh, the Executive Vice President of the
23 Philadelphia Housing Development Corporation.

24 COUNCILWOMAN BLACKWELL: Yes, good
25 evening.

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2 MR. MCINTOSH: Good evening.

3 In response to your question, the Job
4 Center assists in identifying employment
5 opportunities for residents throughout the City of
6 Philadelphia. With respect to the maintenance,
7 mechanics and things of that nature, we're no longer
8 directly involved in that activity, but we are
9 assisting people in identifying the various
10 opportunities throughout the City.

11 COUNCILWOMAN BLACKWELL: So you don't
12 have the Job Center that you once did?

13 MR. MCINTOSH: No, we do not. The level
14 of funding has been reduced over the years, and
15 right now, the only funding that we still have in
16 place is the funding that's made available through
17 the Office of Housing and Community Development.

18 COUNCILWOMAN BLACKWELL: Mr. Kromer, did
19 you want to respond?

20 MR. KROMER: Again, I think this is an
21 opportunity to tie in the workforce development
22 programs and have them funded from the sources which
23 were intended for that purpose.

24 COUNCILWOMAN BLACKWELL: Okay. Thank
25 you very much.

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2 Do you know how far behind and what the
3 backlog is for weatherization and basic system
4 repairs and generally where we are and what we can
5 do in that regard? I know there's never enough
6 money for anything in life, but what we can do. So
7 many people require these services.

8 MR. MCINTOSH: Again, not to belabor the
9 point, but as you're fully aware, the demands on the
10 program far outweigh the resources available to
11 serve the needs of the people.

12 With respect to the weatherization
13 program, right now, we're in a very fortunate
14 situation in that we were recently awarded
15 additional funding from the State to provide
16 weatherization assistance. And right now, there is
17 not a waiting list to assist people in addressing
18 weatherization needs.

19 With respect to the waiting list for the
20 basic system repair program, it varies, depending on
21 the trade. For example, heating assistance, right
22 now today, there is not a delay in getting
23 assistance to people in need of heating repairs.

24 However, as it relates to some of the
25 other trades, on an average, I would say we have

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2 about a nine- to ten-month -- and that's average.

3 For example, our plumbing waiting list is well over
4 a year. But in some of our other areas, the time is
5 less than that. For example, roofing, it's short of
6 six months.

7 COUNCILWOMAN BLACKWELL: What area? Oh,
8 you said roofing. I'm sorry, I didn't hear you.

9 MR. MCINTOSH: Roofing.

10 COUNCILWOMAN BLACKWELL: Okay, thank
11 you. I'll tell my folks who call you every day.

12 MR. KROMER: The VSRP is another example
13 of the resource problem, where we can't simply come
14 in and say, you know, we wish we had more money.
15 We've got to find other resources and bring them
16 into play. And I've cited the West Oak Lane program
17 as one example of that, that leveraging. We really
18 flood to do a lot more so that we're servicing the
19 people that need repair work.

20 COUNCILWOMAN BLACKWELL: Thank you.

21 Do you know about some disability
22 advocates that are worried about the adaptive
23 modification program? And they claim they have a
24 backlog as high as seven years for disabled
25 residents. That may be Scott Wilds's area.

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2 MR. WILDS: No, no.

3 COUNCILWOMAN BLACKWELL: Okay.

4 MR. MCINTOSH: That's who, again, is --

5 COUNCILWOMAN BLACKWELL: That's one of

6 the issues that President Verna was talking about,

7 okay. Is that you as well, Mr. McIntosh?

8 MR. MCINTOSH: Yes, that is.

9 COUNCILWOMAN BLACKWELL: Okay.

10 MR. MCINTOSH: That too is a program,

11 again, where the demands on the program are far in

12 excess of the dollars available to assist.

13 COUNCILWOMAN BLACKWELL: Is it true that

14 backlog is that high?

15 MR. MCINTOSH: I can confirm that but I

16 can't comment directly to that.

17 COUNCILWOMAN BLACKWELL: This is for

18 people who are disabled. I assume then -- what do

19 you do, do modifications to their property?

20 MR. MCINTOSH: Yes, to make them

21 accessible.

22 COUNCILWOMAN BLACKWELL: Okay, would you

23 check on that for us and let us know?

24 MR. MCINTOSH: Okay.

25 MR. KROMER: We'll follow up with the

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2 data on that.

3 COUNCILWOMAN BLACKWELL: Thank you very
4 much.

5 And another question. Is it possible
6 for us to have the energy program expanded so that
7 -- SOCO, Support Our Community Organization, at
8 58th and Baltimore, is midway between Anna Verna and
9 my area. And the next service area for energy
10 assistance is 65th and Woodland. Now, 65th and
11 Woodland, Southwest CDC, is supposed to come all the
12 way down to 58th and Baltimore, but in reality, they
13 just don't, it's a whole 'nother world. And we have
14 a person who is right there, if there's some way we
15 could work that out. Would you look into that for
16 us?

17 MR. KROMER: Yes. Let me find out how
18 that's working now and what might be done to change
19 that.

20 COUNCILWOMAN BLACKWELL: Thank you.

21 And the other thing is when Miss Mintz
22 was talking, I was thinking about Potter's Mission,
23 for example, as people who are always dealing with
24 homeless people or who are dealing with people in
25 need but who don't have the technical expertise but

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2 who are people who want to do it, and they're going
3 to do it anyway forever, but maybe we could try to
4 help to get them ready.

5 MR. KROMER: Okay, we'll look at that.

6 COUNCILWOMAN BLACKWELL: Okay. I'm
7 almost done, I think, and it's three minutes to
8 five, so we're trying to. . .

9 Does any other Councilperson have any
10 questions.

11 Councilman Goode?

12 COUNCILMAN GOODE: I just wanted to
13 thank Mr. Kromer for his leadership of reinvestment
14 commission, for his work with Mr. Cuorato and
15 Mr. Traylor and Mr. Jones and people from PIDC who
16 are expanding economic development resources, and I
17 look forward to working with all of you on NTI.
18 And, obviously, I'm a happy camper who's taken care
19 of this year, so I don't have any questions.

20 COUNCILWOMAN BLACKWELL: Thank you very
21 much.

22 And may we say that this is the area
23 that in my job is closest to my heart; education is
24 second, since I came out of a teaching background.
25 But everything dealing with homeless to

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2 self-sufficiency to home ownership, all of that is
3 what in my opinion, from housing development to
4 commercial to, corridor revitalization etc., etc. is
5 what's going to make the difference to move our city
6 forward.

7 And we thank you have all of you for
8 your commitment in this area. And, Mr. Kromer, I'm
9 sure you knew when you came that you would get it
10 for the NTI Program. I guess you were kind of
11 prepared for that. It's kind of an idea whose time
12 has come. But I think that what we are in the
13 process of having is growing pains, and sometimes
14 growth is difficult, but in spite of it, we seem to
15 get there.

16 So let me say that we appreciate your
17 review of all of those proposals and letters. For
18 the most part, mine is about the longest. But for
19 the most part, we appreciate your review of that.
20 I'll probably have one or two more on Monday.

21 And having said that, we thank all of
22 you for coming. On Monday, we will have the
23 community groups that come so it will make life a
24 little more organized, instead of having them
25 sitting here today, waiting and waiting.

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2 So we will recess this hearing today
3 until Monday, at 10 o'clock. And we hope all of you
4 can come. And thank you all.

5 MR. KROMER: Thank you.

6 (Adjourned 5 o'clock p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Thursday, May 31, 2001, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE ON FINANCE
BILL NO.'S 010337, 010348

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter