

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
June 9, 2011
10:00 a.m.

PRESENT:

COUNCILWOMAN MARIAN B. TASCO, CHAIR
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN FRANK DiCICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN BILL GREEN
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN JAMES KENNEY
COUNCILWOMAN BLONDELL REYNOLDS BROWN

RESOLUTION 110453 - Resolution approving the
annual Program Statement and Budget for the
expenditure of the Neighborhood Transformation
Initiative (NTI) Bond Proceeds for Fiscal Year
2012.

- - -

1
2 COUNCILWOMAN TASC0: Good
3 morning. Could we have your attention,
4 please. Please. We're beginning with a
5 hearing on the Finance Committee, which
6 should not last too long, and then we
7 will have the Council caucus.

8 This is the Council Committee
9 on Finance. Let me recognize that we
10 have a quorum in the presence of
11 Councilmen Green, Greenlee, Kenney,
12 Blackwell, Goode and myself.

13 I'd like the Clerk to read the
14 resolution.

15 Oh, and DiCicco. I'm sorry.
16 Councilman DiCicco. I didn't see you.

17 THE CLERK: Resolution 110453,
18 resolution approving the annual Program
19 Statement and Budget for the expenditure
20 of the Neighborhood Transformation
21 Initiative (NTI) Bond Proceeds for Fiscal
22 Year 2012.

23 COUNCILWOMAN TASC0: Good
24 morning. Would you state your name for
25 the record, please, and proceed with your

1 6/9/11 - FINANCE - RES. 110453

2 testimony.

3 MS. BIEMILLER: Good morning,
4 Madam Chairman, other members of the
5 Finance Committee. I'm Suzanne
6 Biemiller, Director of Policy, Planning
7 and Coordination for Mayor Michael
8 Nutter. I'm here today to testify on
9 behalf of the Nutter Administration's
10 Fiscal Year 2012 Program Statement and
11 Budget for the Neighborhood
12 Transformation Initiative, otherwise
13 known as NTI. Before I begin, I'd like
14 to offer Council an amended Program
15 Statement and Budget, Exhibit A to the
16 resolution, which I have here, and I
17 believe you have copies of as well. I
18 will address the proposed revisions in my
19 testimony.

20 Over the past year, the
21 Administration has used remaining NTI
22 bond proceeds to accommodate Basic
23 Systems Repair and Adaptive Modification
24 requests, support the Employer Assisted
25 Housing Program, known as HomeBuy Now,

1 6/9/11 - FINANCE - RES. 110453

2 Historic Property Repair and the Tangled
3 Title programs. All of these programs
4 are paid for using tax-exempt bonds. To
5 date, approximately \$212 million in
6 tax-exempt bond proceeds have been spent
7 under NTI, with just over \$9 million
8 remaining to be drawn down. The
9 Administration proposes that these
10 remaining dollars continue to be
11 allocated as described in previous
12 Program Statements and Budgets; namely,
13 for Demolition allocated as directed by
14 City Council members, Retaining Wall
15 Reconstruction, Enhanced Basic Systems
16 Repair, Settlement Assistance, Adaptive
17 Modification, Vacancy Prevention,
18 Foreclosure Prevention and Land Tracking
19 System programs. We are also offering as
20 part of our amendment to the resolution a
21 transfer of \$150,000 in Vacant Property
22 Stabilizations to the MIS - Other line
23 item.

24 Only \$183,000 in taxable bond
25 funds remain to be drawn down. These

1 6/9/11 - FINANCE - RES. 110453

2 dollars are being kept in reserve to
3 support the Anti-Predatory Loan program
4 to reimburse participating banks should
5 any of its loans to individuals go into
6 default.

7 Finally, nearly \$38.4 million
8 remains in bond proceeds and interest to
9 be drawn down for land acquisition. All
10 but 237 of these dollars consist of
11 Qualified Redevelopment Bonds and
12 interest. City Council members will
13 recall that the QRB dollars can only be
14 spent in qualified QRB areas that City
15 Council created in 2005. All land
16 acquired in these zones must then be sold
17 at fair market value.

18 Additional land acquisition
19 funds also remain; namely, \$2.57 million
20 in Community Development Block Grant and
21 \$2.55 million in Department of Community
22 and Economic Development dollars. In the
23 amended Program Statement and Budget, the
24 Administration has included a chart,
25 Chart 9, showing how the remaining CDBG

1 6/9/11 - FINANCE - RES. 110453

2 dollars can be allocated across Council
3 Districts. These allocations will allow
4 the Administration to accommodate land
5 acquisition requests made by City Council
6 members that have been approved this year
7 by the Interagency Acquisition Review
8 Team. CDBG dollars can also be used to
9 fund future projects in Council Districts
10 that do not have any QRB areas; namely,
11 Council District 6 and 9.

12 There also remain so-called
13 flexible acquisition dollars. These came
14 from NTI land sale proceeds and recycled
15 liens and have been credited back to
16 individual Council Districts' and the
17 Administration's allocations.

18 Given the fact that very few
19 flexible dollars remain relative to the
20 amount of QRB dollars, the Administration
21 spent time last year working to free up
22 additional flexible dollars for land
23 acquisition. Specifically, RDA staff
24 reviewed all land acquisitions that
25 occurred after March 2005, which was when

1 6/9/11 - FINANCE - RES. 110453

2 the QRBs were originally issued, to see
3 whether any of those that used taxable
4 bond funds might be reallocated to the
5 QRB bucket. It also examined the 1,500
6 properties for which a Declaration of
7 Taking had been made to the court and
8 determined that for many, QRB, CDBG and
9 DCED funds could be used to make the
10 required payments into court. This work
11 enabled staff to preserve just over \$3.1
12 million in flexible dollars, which are
13 currently available for future land
14 acquisitions.

15 As Chart 9 in the amended
16 Program Statement and Budget shows how
17 City Significant dollars in current land
18 sales and lien dollars can be used to
19 assist acquisition activities in Council
20 Districts that do not have QRB areas.
21 Going forward, the Administration is
22 hopeful that some of the City Significant
23 QRB-based transactions will yield
24 additional flexible dollars upon the sale
25 of those properties by RDA at fair market

1 6/9/11 - FINANCE - RES. 110453

2 value. This would enable us to continue
3 to assist individual Council District
4 acquisition requests, particularly for
5 those Councilmembers who have very small
6 or no areas in which they can spend QRB
7 dollars.

8 Since June 2010, City Council
9 members have submitted a number of
10 proposed acquisitions to the Interagency
11 Acquisition Review Team. This group,
12 known affectionately as IART, consists of
13 staff from RDA, OHCD, PHDC, Commerce,
14 Planning, Finance, PHA, the Mayor's
15 Office. This group reviews Council
16 requests at monthly meetings, and since
17 earlier this spring, based on
18 recommendations from members of City
19 Council, bases its reviews on
20 presentations made to it by the proposed
21 project developers. These presentations
22 have helped speed up the review process
23 since questions can get answered on the
24 spot.

25 Over the past year, IART has

1 6/9/11 - FINANCE - RES. 110453

2 approved more than \$16 million in land
3 acquisition requests ranging from small
4 projects to large. Of those projects
5 approved by IART, \$13 million were QRB
6 eligible, \$3 million used CDBG dollars
7 and \$40,000 in flexible dollars were
8 spent.

9 Thank you for your time this
10 morning, and I'd be happy to answer any
11 questions you might have.

12 COUNCILWOMAN TASCO: Thank you
13 very much.

14 Any questions?

15 I know Councilwoman Blackwell
16 has some questions that she'd like to
17 ask.

18 MS. BIEMILLER: Okay.

19 COUNCILWOMAN BLACKWELL: Thank
20 you very much.

21 Madam Chair, in the interest of
22 time and the fact that we're at this
23 point in our agenda, I will read them for
24 the record. We will submit a copy to you
25 in writing, to which we expect responses

1 6/9/11 - FINANCE - RES. 110453

2 before we adjourn.

3 MS. BIEMILLER: Okay.

4 COUNCILWOMAN BLACKWELL: They
5 are as follows: Recycling. Under the
6 NTI program, an agreement was reached to
7 recycle sales proceeds --

8 COUNCILWOMAN TASCO: Here's a
9 copy. You don't have to write them down.

10 MS. BIEMILLER: Oh, thank you.

11 COUNCILWOMAN BLACKWELL: --
12 from land acquired with NTI funds and
13 then sold and to recycle any liens
14 collected as a result of the acquisition
15 of properties with NTI funds. The funds
16 are to be recycled back into the budget
17 that was used to acquire the properties.
18 The last formal report City Council
19 received on recycling was May 2007. This
20 year, the RDA has made payments into the
21 court of nearly \$10 million. What is the
22 status of collecting the liens from the
23 payments made into court? That's my
24 first question.

25 When can City Council expect to

1 6/9/11 - FINANCE - RES. 110453

2 receive a report that documents lien
3 collections from the 2008 audit, which
4 documented all previous lien collections
5 to that point in time and in the present?

6 Three, when can City Council
7 expect to receive a report on recycled
8 land sales from the 2008 audit to
9 present?

10 The next issue is quarterly
11 reports. The ordinance that created the
12 NTI program states, and I quote, "The
13 City and the RDA shall submit quarterly
14 reports to City Council that summarizes
15 all expenditures of bond proceeds made
16 during the previous quarter by budget
17 category." I've not received such a
18 report during the term of this
19 Administration. Can you explain why the
20 Administration has not prepared and
21 submitted such reports?

22 Next area, NTI Program
23 Statement and Budget. The ordinance that
24 created the NTI program states, quote,
25 "At least 90 days before the beginning of

1 6/9/11 - FINANCE - RES. 110453

2 each fiscal year, the Mayor, or his
3 appointed designee, shall send to each
4 member of Council a preliminary Annual
5 Program Statement and Budget," end of
6 quote. It further states that, "The
7 Mayor, or his designee, and the RDA at
8 least 60 days before the beginning of
9 each fiscal year shall submit to City
10 Council for approved resolutions on an
11 annual Program Statement and Budget," end
12 of quote.

13 We just received the Program
14 Statement and Budget last week. The
15 reason the language was placed in the
16 ordinance was to give Councilmembers
17 ample time to review the document. It is
18 unfair and unreasonable to expect Council
19 to review such a document, especially
20 during budget times and in such a short
21 period of time. Can you explain why the
22 Administration has not complied with the
23 timetable outlined in the ordinance?

24 And on the back side, finally,
25 NTI website. In the City Council

1 6/9/11 - FINANCE - RES. 110453

2 oversight section of the ordinance that
3 created the NTI program, it states,
4 quote, "The Administration will maintain
5 an NTI project administration website to
6 which all City Council members will have
7 unrestricted access," end of quote. The
8 website contained valuable information
9 and data that is useful to members of
10 Council. Can you explain why the
11 Administration shut down the website
12 shortly after taking office, and are you
13 prepared to reinstate this website,
14 including all of the appropriate
15 information that was previously available
16 to City Council?

17 Now, these are some questions
18 we could get together. There were many
19 more. We outlined our resolution to deal
20 with these issues and these commitments,
21 and we certainly would request that you
22 respond to these before Council recesses
23 on the 16th.

24 MS. BIEMILLER: I'd be happy to
25 do that, Councilwoman. Thank you.

1 6/9/11 - FINANCE - RES. 110453

2 COUNCILWOMAN BLACKWELL: Thank
3 you, Madam Chair.

4 COUNCILWOMAN TASC0: Thank you.
5 Her request is very important not only
6 for the Councilwoman but the other
7 members of this Committee and other
8 Councilmembers. The reason we're doing
9 this is because there are districts that
10 cannot use some of the dollars. I have
11 \$2.8 million that I cannot use because of
12 the restrictions, the bond restrictions,
13 on the -- so this is helpful to several
14 Council Districts moving this the way we
15 are today, but certainly the questions
16 raised by Councilwoman Blackwell are very
17 important to all of us, and we hope you
18 will comply with that.

19 MS. BIEMILLER: Yes. Thank
20 you.

21 COUNCILWOMAN TASC0: She asked
22 me -- I asked her to hold it up, and she
23 agreed.

24 MS. BIEMILLER: Thank you.

25 COUNCILWOMAN TASC0: Thank you

1 6/9/11 - FINANCE - RES. 110453

2 very much.

3 Any other questions or
4 comments?

5 (No response.)

6 COUNCILWOMAN TASC0: Thank you.

7 There being none, we'll move this hearing
8 into the public meeting.

9 The Chair recognizes
10 Councilwoman Blackwell to move Bill
11 110453 out of Committee.

12 I'm sorry. Is there anyone
13 else here to testify on this bill?

14 (No response.)

15 COUNCILWOMAN TASC0: Is PIDC
16 here?

17 (No response.)

18 COUNCILWOMAN TASC0: Okay.

19 Thank you.

20 The Chair recognizes
21 Councilwoman Blackwell to adopt the
22 amendment proposed to this bill.

23 COUNCILWOMAN BLACKWELL: Thank
24 you, Madam Chairman. I move that the
25 amendment to Resolution 110453 be

1 6/9/11 - FINANCE - RES. 110453

2 adopted.

3 (Duly seconded.)

4 COUNCILWOMAN TASC0: It has
5 been moved and seconded that the
6 amendment to Resolution No. 110453 be
7 adopted.

8 All in favor will say aye.

9 (Aye.)

10 COUNCILWOMAN TASC0: Is there
11 any opposition?

12 (No response.)

13 COUNCILWOMAN TASC0: There
14 being none, the motion is carried.

15 The Chair recognizes
16 Councilwoman Blackwell to move this bill
17 out of Committee, as amended.

18 COUNCILWOMAN BLACKWELL: Thank
19 you, Madam Chair. I move that this bill
20 be reported out of Committee, as amended,
21 with a favorable recommendation and a
22 recommendation that the rules of Council
23 be suspended so as to permit
24 consideration at our next session of
25 Council.

1 6/9/11 - FINANCE - RES. 110453

2 (Duly seconded.)

3 COUNCILWOMAN TASC0: Thank you

4 very much. It has been moved and

5 seconded that Resolution No. 110453 be

6 reported out of Committee with a

7 favorable recommendation and that the

8 rules of Council be suspended so that

9 this bill can be heard at Council's next

10 session.

11 All in favor will say aye.

12 (Aye.)

13 COUNCILWOMAN TASC0: Is there

14 any opposition?

15 (No response.)

16 COUNCILWOMAN TASC0: There

17 being none, the motion is carried.

18 This meeting is adjourned.

19 Thank you very much.

20 (Committee on Finance concluded

21 at 10:15 a.m.)

22 - - -

23

24

25

1
2 CERTIFICATE

3 I HEREBY CERTIFY that the
4 proceedings, evidence and objections are
5 contained fully and accurately in the
6 stenographic notes taken by me upon the
7 foregoing matter on June 9, 2011, and that
8 this is a true and correct transcript of same.

9
10
11
12
13 -----
14 MICHELE L. MURPHY
15 RPR-Notary Public
16
17
18

19 (The foregoing certification of this
20 transcript does not apply to any reproduction
21 of the same by any means, unless under the
22 direct control and/or supervision of the
23 certifying reporter.)
24
25