COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING - COMMITTEE OF THE WHOLE AND HOUSING, NEIGHBORHOOD DEVELOPMENT AND THE HOMELESS

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Room 400, City Hall

Philadelphia, Pennsylvania

Wednesday, June 1, 2005, 1:35 p.m.

Resolution 050388 - Resolution approving the annual Program Statement and Budget for the expenditure of the Neighborhood Transformation Initiative Bond Proceeds for Fiscal Year 2006

PRESENT:

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COUNCIL PRESIDENT VERNA: Good afternoon, everyone. This is a public hearing of the joint Committee of the Whole and Housing, Neighborhood Development and the Homeless.

I would ask Mr. McPherson to please read the title of Resolution No. 050388.

MR. McPHERSON: Resolution 050388, a Resolution approving the annual Program Statement and Budget for the expenditure of the Neighborhood Transformation Initiative (NTI) Bond Proceeds for Fiscal Year 2006.

COUNCIL PRESIDENT VERNA: Who is going to be testifying with NTI?

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

As the President has stated, this is a joint hearing. As most of you know, today's hearings will focus on three pieces of legislation. The first is Resolution No. 050388, which adopts the NTI Program Statement for fiscal year '06. The second is Bill No. 050059, which creates a new Housing Trust Fund, and the third is the Community Development Block Grant application, Bill No. 050294.

Since the NTI Program Statement is technically being heard before our joint Committees of the Whole and Housing, we're asking that we hear testimony on this program, on the NTI program, and report it out. After which I suggest we reconvene the Committee on Housing in order to take testimony for the Trust Fund and the Block Grant. By doing it this way, I'm sure we'll be able to streamline the process more efficiently.

As for questioning the Administration, I also ask that for each bill and resolution, we allow the Administration to testify and then immediately allow for public testimony. Once this is done, then we can bring the Administration back for questions.

We've done it this way for the past two years. It seems to work and it seems to get us moving forward in a time-wise more expeditious way, and we appreciate everyone's cooperation.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

Good afternoon. Please identify yourself for the record and proceed with your testimony.

MS. SMITH: Good afternoon, Madam President, Madam Chairwoman and members of City Council. My name is Patricia Smith and I'm the Director of Neighborhood Transformation --

COUNCIL PRESIDENT VERNA: Excuse me, Ms. Smith. Do you mind pulling the microphone closer.

MS. SMITH: There, is that better?

COUNCIL PRESIDENT VERNA: Much.

MS. SMITH: My name is Patricia Smith and I'm the Director of Neighborhood Transformation. I'm here testifying today in support of Resolution No. 050388, approving the FY06 Program Statement and Budget for the expenditure of NTI bond proceeds.

In January 2000, Philadelphia neighborhoods faced severe challenges: Abandoned cars rusted in the streets, vacant buildings collapsed to the ground, empty lots were buried under mounds of debris, and drug dealers controlled corners in too many neighborhoods.

The 2000 Census showed a 4.6 percent population loss during the 1990s. Few building permits for new construction were issued. Housing values had stagnated, and in many neighborhoods, cynicism and despair flourished. The City stood at a critical juncture. The situation called for decisive action.

On April 18, 2001, Mayor Street unveiled the Neighborhood Transformation Initiative, a $296 million strategy to eradicate decades of blight and stimulate new investment in our neighborhoods. Today our investments are paying off in ways that no one could have imagined then.

Increased home values are creating

new wealth in communities. Police have shut down notorious drug corners. Our citizens walk on cleaner, safer streets.

The City is poised to start growing again. According to the April 2005 U.S. Census update, population loss in the City has slowed to a near standstill, and if the trend continues, the City's 45-year long population loss will halt by the end of the decade. Philadelphia once again is the place to be.

The Administration set a number of bold goals for NTI, and I am proud to say that by the end of calendar year 2004, we had met or exceeded many of them. By demolishing 6,022 dangerous buildings, we are eliminating a significant threat to public safety. Crews from the Managing Director's Office cleaned every vacant lot in the City in one year and continue to clean lots as part of a City-wide maintenance schedule or request.

Through a partnership with the Pennsylvania Horticultural Society, we have greened and fenced three million square feet of vacant land and contracted with nine community-based organizations who employed 70 neighborhood residents to maintain lots in several neighborhoods. We have towed nearly 225,000 abandoned cars. These blight removal activities are improving the look and the feel of our neighborhoods and clearing the way for new development.

The NTI five-year plan also envisioned 6,000 new units of market-rate housing coming on-line. Today more than 10,000 new market-rate housing units -- and by "market rate," we mean not subsidized with public subsidies -- are planned, underway or completed. We have far surpassed our five-year goal of 3,500 affordable housing units, completing 6,175 by the end of 2004.

Cranes, bulldozers, dump trucks and newly framed houses have become familiar sights throughout the City. Hundreds of Philadelphia residents are working on jobs created by NTI demolition projects. Minority workers perform 72.4 percent of the demolition work, and the City has awarded 19 million in demolition contracts to minority-owned firms.

To complement this surge in construction, we are strengthening neighborhoods by investing NTI bonds in existing homes. Over the past four years, the City has directed more than 92.3 million in grant and loan dollars to more than 19,000 homeowners. The expanded Philadelphia Home Improvement Loan program has more than doubled its annual production. To help our most vulnerable homeowners, we have increased annual funding in FY, it should say, 2004 for the Basic System Repair program and doubled the budget for the Adaptive Modifications program two years in a row.

New loan products are helping people avoid predatory lending, and we continue to reach out to homeowners through "Don't Borrow Trouble" and "Protected by Knowledge" campaigns. Home Buy Now, our Employer-Assisted Housing program, is making homeownership a reality for employees of local businesses, and more than 600 first-time home builders receive settlement grants each year. We are also committed to seeking new resources for housing and community development activities.

Today you will hear testimony on Bill No. 050059, authorizing the creation of the Philadelphia Housing Trust Fund. The Trust Fund is projected to generate 11.5 million in its first year of operation. The Administration has worked closely with members of City Council, the CDC and housing advocacy communities on drafting this legislation. I respectfully urge your favorable consideration of this bill. It will provide a much-needed infusion of capital for affordable housing in the face of shrinking federal funding.

With respect to the FY06 NTI Program Statement and Budget, the cornerstone funding for NTI, as we know, is provided through bond financing. In May 2002, we issued the first 142.6 million of NTI bonds. In March 2005, we completed the final tranche of NTI bond issuance. Favorable interest rates and full use of the NTI debt service capacity allowed us to raise 153.4 million.

The total five-year NTI budget is

296 million, which is 21 million more than we anticipated in our FY05 projected budget. The 21 million additional funds are all tax-exempt government purpose, which limits their use to public safety activities and grant programs for emergency home repairs and other physical improvements.

In FY06, we are proposing a 31 million budget that will support our core activities, such as public safety demolition, housing and neighborhood preservation investment and technology improvements. The FY06 budget will be the next-to-last year of NTI funding. In FY07, there will be 5.5 million remaining of NTI bond funds for demolition and settlement grant assistance. The 21 million in additional funds from the final bond issue is going toward restoring our five-year residential demolition budget to 140, to the level it was first approved in FY03. It will also support the Philadelphia Home Improvement Loan program and two new programs, the Equitable Development Strategy and Commercial Corridor Support program.

The Equitable Development Strategy is a 2.7 million effort crucial for addressing neighborhood change. Investment in neighborhoods is the key to building long-term economic prosperity for the City. But a hot real estate market has the potential to spark gentrification, a cycle of rapid development, real estate speculation and rising taxes that causes the displacement of long-term residents.

In order to address these concerns, the Equitable Development Strategy seeks to promote mixed-income development and support affordable housing, educate homeowners about their options for addressing increased real estate taxes, inform neighborhood residents about market conditions and development plans to counter misinformation, analyze available data and develop additional strategies for protecting long-term residents.

The Office of Housing and Neighborhood Preservation will lead this effort and begin rolling out program activities in neighborhoods that are experiencing rapid real estate appreciation and major public and private investment.

One potential use of NTI bonds for equitable development is maybe to write down mortgage interest rates to enable low- and moderate-income families to purchase homes in neighborhoods which they otherwise could not afford because of high sales prices.

The FY06 Proposed Program Statement and Budget also includes an allocation of 2.1 million in tax-exempt government purpose bonds to fund activities that will protect the health and safety of residents and improve the physical appearance and quality of life in neighborhood commercial corridors. This effort is consistent with the Mayor's Economic Development Blueprint, which prioritizes increasing investment in neighborhood commercial corridors as a means of sustaining the positive changes initiated by NTI.

The Mayor's office of NTI will work with District Councilmembers and the City's economic development entities to identify appropriate public investments and leverage private investments on commercial corridors.

During the summer, the Administration plans to meet with each district Councilperson to understand their vision, goals and priorities for the stabilization and enhancement of commercial corridors in their district. We plan to put the resources of the Commercial Corridor Support program to work to support the achievement of these goals in the next year. This emphasis on commercial corridors is a gateway to the next phase of neighborhood transformation.

As you know, I will be stepping down from my position at the end of the fiscal year. I will leave my post in the capable hands of Eva Gladstein, the current Executive Director of the City's Empowerment Zone and Renewal Communities.

The integration of the City's neighborhood economic development activities with NTI is a necessary next step towards holistic neighborhood change. The significant impacts we have made in blight removal, housing development and preservation and improved government delivery systems must be supported by strategic investments in neighborhood commerce. These investments will promote commercial corridors as healthy, vibrant hubs for steadily improving neighborhoods. Our collective efforts will help realize Mayor Street's vision that all neighborhoods should be great places to live, work, learn, shop and play.

Madam President, Madam Chairperson and members of City Council, I would like to take this opportunity to thank you and to acknowledge your contributions to the success of the Neighborhood Transformation Initiative. Without your support, this work and significant achievements would not have been possible. I respectfully request your favorable consideration of Resolution No. 050388.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Good afternoon, Mr. Hanna. Are you

going to be testifying on the resolution?

MR. HANNA: No, I'm not.

COUNCIL PRESIDENT VERNA: No. Very well, then. I have a couple questions I would like to ask.

On Page 10 of the NTI Program Statement, you give a breakdown of the drawdown by fiscal year and by category. Can you give us the breakdown by year, by category and by the Council district of the drawdown?

MS. SMITH: Of the drawdowns? I don't have the drawdowns by Council district. I did provide -- when we did our individual briefings, for example, I did have information on the demolition expenditures which were broken out by Council districts and the amounts in each area. The stabilization dollars were broken out by Council district, as well as the acquisition funding, which is also included by Council districts within the Program Statement and Budget.

COUNCIL PRESIDENT VERNA: But shouldn't that be part of the Program Statements?

MS. SMITH: My understanding is that we should give the breakout by Council district of what we were proposing for each fiscal year in terms of projecting the budget. It was not my understanding that we also had to provide as a part of the Program Statement a breakout of the actual drawdowns, but that's information that we can easily pull together.

COUNCIL PRESIDENT VERNA: Well, can you give us a status of what has been spent or obligated by Council district and their available balances?

MS. SMITH: Yes. Well, for example, Councilwoman, in Council District 1 on the NTI Demolition program, the total amount available is 10.1 million. That includes all of -- which we go over with each district Councilperson in our briefings, and an additional 267,234.

Now, not all of that has been drawn down. Right now, for example, of that amount, the contracts to date is approximately 5.5 million. So about 50 percent has been drawn down. There is pending contracts for 4.6

million.

For the Council District 2, as we reviewed in our meeting, the total NTI program is 9.6 million. The number of demolitions contracted to date is about 8.9 million, and then the number of demolitions remaining to be contracted represents about 736,000. So that's on the demolition, and then with the capsulation is 268,000.

As I said, I can pull this information together, but we did review it with each district Councilperson.

In addition, in the book, there's a breakout of the acquisition, again, which we go over.

COUNCIL PRESIDENT VERNA: I think everybody would like to see a composite with every district, and apparently you're reading from something that you have. If you don't mind, can we have copies of that, please?

MS. SMITH: Certainly.

COUNCIL PRESIDENT VERNA: While that is being done, the FY06 Proposed NTI

Budget is a little over $31 million. What is the councilmanic breakdown of these funds within their respective categories?

MS. SMITH: With respect to the Demolition program of 10 million, 5 million of that will be going into the Department of License and Inspection Emergency Curbside program. That operates on a City-wide basis to respond to emergency calls. So we're not able in advance to project where that money will be expended.

COUNCIL PRESIDENT VERNA: I understand.

MS. SMITH: In addition, the 4.2 million in large vacant demolitions, those are primarily large building demolitions on a list that we had worked with the Department of Commerce with, and from my recollection, they're primarily large buildings in, I believe it's, the third, the fifth, the eighth and probably the seventh. I can pull that paper out.

COUNCIL PRESIDENT VERNA: Is there anywhere that we can refer to where these big buildings are located and how they were selected?

MS. SMITH: Basically we worked with each district Councilperson, the Department of Commerce and the Department of License and Inspection to identify imminently dangerous buildings that, if demolished, will cure a public safety issue, and we prioritize that. The Department of License and Inspection then goes into Equity Court to receive an order to complete the demolition.

We initially back in, I think, fiscal year 2003 started with a list of about 60,000 demolitions -- I mean, 60 large building demolitions, and then we update it periodically, and I can give you the updated list again.

COUNCIL PRESIDENT VERNA: I just don't know how any other district Councilperson feels, but I'd like to know what the breakdown is and why the breakdown wasn't included in your submission as far as each councilmanic district.

MS. SMITH: Again, I mean, I

used the template and the format that was approved in the original NTI bond ordinance with respect to drawdowns. I mean, I just didn't anticipate that question. I apologize for that. As I said, we can get you that information. That's not a problem. And I already have pieces of that just as my, you know, background information.

COUNCIL PRESIDENT VERNA: Well, I, for one, would like to see that for my district, if you don't mind.

MS. SMITH: Again, when we sat down in our individual briefings, I provided that information.

COUNCIL PRESIDENT VERNA: Can you explain why you're not budgeting any NTI funds in FY06 for land acquisitions and retaining wall reconstruction?

MS. SMITH: We still have $52 million. The total NTI budget for land acquisition that was approved in FY05, this fiscal year, totals $74 million, plus we, by swapping dollars, added another 15 million, to bring the total to 89 million over the five years.

The 52 million, which is shown in FY05, a great deal of that money is still available, but our recommended total budget is 89 million.

We did not allocate any new dollars of the 21 million because the type of bond proceeds we had were not suitable for land assembly activities. They were more suitable for what we call -- we had the excess in government purpose bonds. So that's another reason why we didn't budget new dollars out of the bond proceeds out of the 21 million that we yielded over the projection from this year.

COUNCIL PRESIDENT VERNA: It would appear that we have three new line items in FY06, 4 million for affordable rental development, over 2 million for equitable development strategy and over 2 million for commercial corridors support initiatives.

MS. SMITH: That's correct.

COUNCIL PRESIDENT VERNA: Can you tell us how and what these line items are and how these funds will be used and in what areas of the City?

MS. SMITH: Okay. The $4 million was actually originally approved, for rental development, was originally approved in FY05. We did not expend any of that money because as the proposed use stated that the bond funds will be used for low-income housing tax credit projects to fill the gap. What we have found is that while bond proceeds can be used for low-income housing tax credit projects, what has happened is that it cannot be used for nine percent tax credits. They have to be used for four percent tax credits.

So what we're proposing this year is to like make the language more flexible so that we're able to use the $4 million not only to help subsidize affordable housing and mixed-income developments or other affordable housing. So we're trying to make -- we made the language more flexible so that we're able to use those bond proceeds in accordance with the legal requirements and not adversely affect basis on a tax credit project.

The Office of Housing and

Neighborhood Preservation is working with developers throughout the City to introduce them to the possibility of how to use a four percent tax credit for some of the larger multi-family projects that are being proposed throughout the City. We think that the best use will be projects where you may subsidize 20 or 30 percent of the units and the remainder of the units are market rate, but it's all in the same context.

And we've talked to, I think, developers throughout the City who have active projects who may be interested in using this, and as we said in our briefing with the President, if you know developers who might be able to use this type of funding for rental development, we'll be more than happy through OH&P to sit down and talk them through it.

The Equitable Development Strategy, as I said, is a proposed strategy of the Administration to really focus on a couple of things. And not all the bond proceeds will be used for this, but, first of all, identifying through data analysis areas of the City that may be vulnerable to gentrification because of the increasing values. The bond proceeds itself, as I stated in my testimony, one way that we might be able to use them is to write down the mortgage interest rates for low- or moderate-income family, enabling them to buy in a neighborhood where the sales price might otherwise be beyond their reach. That's one possibility.

The second possibility is to also use this money to augment home improvement loans and grants, particularly grants for long-time homeowners within neighborhoods that may be experiencing neighborhood change.

Again, we have not identified the neighborhoods. What the intent is is to look at data and analysis to come up with three to five neighborhoods in which we think these type of strategies could work.

I don't know if you want to add anything more to that, Kevin.

MR. HANNA: Well, not a whole lot. Just to say that -- well, to reiterate what -- I'm sorry. My name is Kevin Hanna. I serve as Secretary of the Office of Housing and Neighborhood Preservation.

Just to reiterate what Pat said, the Equitable Development Strategy is a new program and one that's being created as a result of escalating home values in certain neighborhoods and also in reaction to the advocates', the communities', neighborhoods' fear, concerns of gentrification.

As Pat said, one of the first things we need to do is get more information as to which neighborhoods are in fact, as opposed to in theory, but in fact in danger of going through gentrification. Armed with that information, we try to implement the kinds of programs, specifically the mortgage write-down that Pat alluded to, try to implement those in the appropriate neighborhoods.

One other, just as kind of a postscript, one other initiative we still need to do some more research on, but one other initiative that we're looking at providing under this particular program involves providing money to individuals whose utilities may be in danger of being shut off for whatever reason. These monies -- again, over the next couple of months or so, we'll look at those and other specific needs of potentially gentrifying neighborhoods.

MS. SMITH: And with respect to the Commercial Corridor Support program, again -- I'm sorry.

COUNCIL PRESIDENT VERNA: Sorry.

MS. SMITH: With respect to the Commercial Corridor Support program, the intent there is to do infrastructure improvements, eliminating dangerous conditions and otherwise with eligible bond uses focus on commercial corridors that may need extra support. A major priority of the Administration is to begin to look at our neighborhood economic development strategies, particularly commercial corridors, and this funding is intended to augment the existing resources.

Again, we hope to work with the Council as well as the economic development agencies to identify potential corridors for this use. As I testified, Councilmembers, particularly district Councilmembers, may be aware of corridors within their neighborhoods where it may be able to benefit from this extra resource.

COUNCIL PRESIDENT VERNA: Thank you. I have a number of questions that I'd like to ask. However, I note that several of my colleagues have their lights on, so I would like to recognize Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you.

Good afternoon. This question may be redundant, but in determining that the $10 million would be appropriated for demolition, have you targeted the areas where the demolition will take place?

MS. SMITH: The new dollars, the 10 million, we are allocating 5 million of that to go to the Department of License and Inspection as part of their regular Emergency Curbside program, which operates on a City-wide basis. We are in our third -- our fourth year of the targeted program. We expect -- that money was previously approved to continue that work.

We expect somewhere around, I think, close to 1,600, 2,000 demolitions in FY06 we've already funded. So the intent of the new dollars is not targeted. It's part of the L&I's Emergency Curbside program, which has always operated on a City-wide basis as opposed to targeted. And then the other 5 million is to support the OCIP money dollars which we committed to, the Owners Controlled Insurance Product, as part of the targeted program, the final year of the program administration and management of the large targeted program, and also to offset some of the costs that are incurred for hard cover of electrical wires as a result of the OSHA mandating that workers not be within ten feet of live wires.

So the other 5 million goes to support the program administration of the targeted program of last year -- the last two years, I guess.

COUNCILWOMAN TASCO: I'll come

back to some programmatic stuff. I don't have any questions on the dollars, Madam President. I'll come back, Madam President, on some other stuff later.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Miller.

COUNCILWOMAN MILLER: Thank you, Madam President.

Could you explain again and give a good example of how the commercial corridors will improve as a result of this new initiative, the Commercial Corridor Support initiative?

MS. SMITH: This is my understanding of some of the key concerns around commercial corridors and the physical appearance: Often businesses are looking for support around streetscape improvements or facade treatments. There are a lot of second and third floors which are vacant on commercial corridors. This could be used to alleviate any public safety problems.

What I think is critical here is really trying to figure out, given the constraints on bond proceeds and the needs of a commercial corridor, is really almost going to be, I think, a case-by-case neighborhood or district-by-district type of expenditure working with the district Councilperson. It's hard for me to say this will be exactly the way we would use it at this point in time.

As I testified, it's the plan of the Administration to sit down over the summer, really look at various commercial corridors within the district, talk about their needs, look at the resources we have available and to determine to what degree these extra dollars could be helpful.

MR. HANNA: One example, Councilwoman -- well, actually, several examples would stem from certain state funding. Often times the state provides funding that needs matching dollars, local matching dollars, in order to make it happen. I think business within our sites might be one of those, so to the extent that we can better assure ourselves of getting that money by providing these kinds of dollars for matching purposes.

COUNCILWOMAN MILLER: Okay. So basically the money is targeted or the program is targeted to the physical improvement of the district --

MR. HANNA: Right.

COUNCILWOMAN MILLER: -- correct?

MS. SMITH: Yes.

COUNCILWOMAN MILLER: Okay.

Thank you, Madam President. I'll have some questions a little later.

COUNCILWOMAN BLACKWELL: Thank you very much.

Councilwoman Blondell Reynolds Brown.

COUNCILWOMAN BROWN: Thank you, Madam President.

Good afternoon.

MS. SMITH: Good afternoon.

COUNCILWOMAN BROWN: On Page 15 of your document, there's discussion of the

Philadelphia City Planning Commission preparing a report and partnerships in a number of different areas, including arts and culture. What is being done in the areas of arts and culture at this time? It also mentioned that a report will ultimately be drafted and submitted. So could you just give us an update on where you are in that process as well?

MS. SMITH: I believe it was close to 31 neighborhoods were identified for comprehensive planning activities, either facilitated by the Planning Commission directly or supported through other organizations, like the Delaware Valley Regional Planning Commission.

What the Planning Commission did at the beginning was sort of like identify the key areas that Planning would address, and one of them was arts and cultures. So, for example, I think in the neighborhood of Strawberry Mansion, it talked a lot about the role of the parks and other community facilities to support arts and culture. So that's just one of the tenants.

At this present time, and I believe I can have Victoria Mason-Ailey speak directly to it, but I believe there's about eight plans that have been fully completed. Others are in the process of completion out of the 31.

COUNCILWOMAN BROWN: And ready for public review or public consideration?

MS. SMITH: Yes. Some of them may already be on the City's website and we can make available to Council. I know the Planning Commission periodically updates each district Councilperson on community plans in their area.

COUNCILWOMAN BROWN: Please. I'd be interested in the arts and culture piece as well.

On Page 20 and 21 of your document, there's discussion to the MBE/WBE participation and it says that 41 percent of the subcontracts within the Demolition program have been awarded to minority-owned businesses, with five percent to women-owned businesses.

Discuss for us whether or not this is an improvement and what accounts for the small percentage of women-owned participation.

MS. SMITH: We set a very aggressive goal for the NTI Demolition program around minority contracting opportunities and we also set an aggressive one for women-owned businesses.

With MBEs, we have exceeded that goal. I mean, we looked at 35 percent. And historically I believe the Department of License and Inspection may have been like around 20-something-odd percent. Even in the Emergency Curbside program as a result of the work that's taken place, L&I is about 35 percent of its contracts going to minority-owned business.

With respect to women-owned business, I don't know if it's the nature of demolition work or not, but there aren't that many women-owned firms that have the experience already to carry out. There are some women-owned firms that, for example, signed up and are participating in the

African-American Chamber of Commerce Emerging Contractors program. The same is also on work force participation. The Diversity Apprenticeship program aggressively outreaches or tried to recruit women for demolition-type work and apprenticeships in certain areas, and, again, it's lower than we had hoped goal-wise with respect to women-owned companies and workers.

COUNCILWOMAN BROWN: What do you think has contributed to exceeding the goal? What factor or factors do you think made a difference?

MS. SMITH: Well, I think there were a number of things with respect to the NTI, what I call, the Targeted Demolition program. One of the things that we did at the outset was restructure the contracting methodology. We kind of used what we call a GC model where a prime contractor is awarded the contract but then is required subcontracting out. It will enable more subcontracting opportunities.

So what we found and experienced is

that, for example, the prime contractor may subcontract out the asbestos removal work. They may subcontract out some of the post demolition treatments or the hand demolition work, and there are more minority-owned firms that did that type of work. So I think that was a major factor and a major learning.

Historically under the City-wide demolition, Emerging Demolition program, we sort of like had a separate contract for each activity. So a person would receive the contract to do the demolition work or somebody would -- we would put out requirements for a contract for asbestos work. So we think by using what we call the GC Subcontracting Model, that enabled more subcontracting opportunities.

I think --

COUNCILWOMAN BROWN: How many of the prime contractors were people of color?

MS. SMITH: Coming out of the emerging contract, right now on the NTI Target program, I believe we have one contractor --

COUNCILWOMAN BROWN: Prime

contractor?

MS. SMITH: Yeah, that's prime. That's on our small bid packages, and that has been a successful bidder. We've had a number other bid, but they have not been successful. And, yeah, that's LP Group. And then, of course, the whole purpose of the Chamber's Emerging Contractor program is to build the capacity of minority firms as prime contractors as opposed to subs.

COUNCILWOMAN BROWN: And then finally on this line of questioning, 55 individuals have been accepted into the building trades?

MS. SMITH: One of the things that we did as a part of the NTI Demolition program early on is to partner with the Diversity Apprenticeship program, and we went to the Philadelphia PWDC, Philadelphia Work Force Development Corporation, supported their application to do training, life skill development to place minority workers and women workers in apprenticeships, get them into apprenticeships or find jobs for them, and that's been fairly successful.

Given the amount of funding that was available, the goal the first year was to enroll 100. They did enroll 100. The second year, which is fiscal year '05, because of cuts, the goal was 50. I think the first year it was around 40, 41 that ultimately were enrolled in various apprenticeship programs. And then this year, I think it's around 12. I have to go back to my notes.

COUNCILWOMAN BROWN: Can you recall which ones of the building trades?

MS. SMITH: Yeah. Primarily because of the demolition work, there was a lot of emphasis on laborers, on that trade, but there are also people who successfully went into electrical, carpentry and there's one other that really --

COUNCILWOMAN BROWN: That's helpful.

MS. SMITH: Yeah. But it's not all across the board. I would say carpentry, electrical, laborers and there's one more. Maybe it's -- I don't know if asbestos removal is a trade, but it might be something like stucco, plastering, that type of work.

COUNCILWOMAN BROWN: Okay. Thank you for your testimony.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Cohen.

COUNCILMAN COHEN: Thank you, Madam President.

About how many conferences or sessions have you had with district Councilmembers on the Council as a whole?

MS. SMITH: With respect to --

COUNCILMAN COHEN: NTI program.

MS. SMITH: -- NTI budget? We briefed each district Councilperson on the budget specifically during the last month that we were able to schedule a meeting with or their staff person. We also had a briefing for At-Large representatives yesterday. And then ongoing, I want to emphasize, that in addition to these briefings, staff from the

Managing Director's Office or staff from OH&P continuously work closely with each district Councilperson around specific projects, update them on the status of various acquisitions and demolition activity in their districts.

COUNCILMAN COHEN: Would you be able to give us a rough percentage of time spent with all district Councilmembers as against the time spent with all At-Large members?

MS. SMITH: I would say -- I mean, there's ten district Councilpeople. I would say about -- that's the overwhelming majority of the time. So I would say maybe 75 percent, 80 percent.

COUNCILMAN COHEN: How much was the percentage? Did you say 80 percent? I didn't hear you.

MS. SMITH: I'm very sorry. I said about -- I would say about 75 to 80 percent of our time over the course of the year, because, again, a lot of the work is the nitty-gritty of what's going on with the demolition activity or acquisition or a particular development project. So there's a great deal going back and forth.

COUNCILMAN COHEN: So as far as the Administration is concerned, Council At-Large people don't have much concern about the program or much involvement; is that accurate?

MS. SMITH: Well, we try to be responsive to any inquiries and requests of information from At-Large Councilpeople as well, but we generally focus during the course of the year on project-related activities.

COUNCILMAN COHEN: Well, I wonder if you could put together the list of conferences you've had with the district Councilmembers during the current fiscal year and the list of those you've had with At-Large Councilmembers.

MS. SMITH: Okay.

COUNCILMAN COHEN: Listing the amount of time. Because I think that we have two Councils operating, one that the Mayor and the Council At-Large, one that the Mayor and the district Councilmembers are concerned about, and then there's a second-class citizenship among Councilmembers, the Council At-Large with seven members having practically nothing to say about the important stuff in Council, which revolves around dollars. Everything in government, like in private business, deals with dollars.

So I'd like to get the study from you. Could we have that, do you think, in the course of a week?

MS. SMITH: Okay.

COUNCILMAN COHEN: I'd like to find out what time is spent. Because I have studied the Council Charter, Home Rule Charter, and I don't see that there's any basis for treatment of two separate classes of Councilmembers, those with strength and those who are figure heads.

Secondly, on problems involving economic development, who handles those? Are there any that fit that category?

MS. SMITH: Problems that involve -- well, generally speaking, the economic development work falls under the

Department of Commerce. There's also neighborhood economic development that's carried out through the Renewal Community and Empowerment Zone. That's been like the primary focus in terms of economic development activities.

It was the Commerce Department, for example, that led the Economic Development Summit that was, I believe, in the fall of 2004 and worked on the Economic Development Blueprint, of course with input from other sectors of government.

COUNCILMAN COHEN: Well, is there any funding that's determined by the Commerce Department or are there any amounts of money dedicated to the Commerce Department where they have a contract administrator overseeing the work?

MS. SMITH: I think if you're talking about the CDBG funding for community economic development --

COUNCILMAN COHEN: Well, anything like that, yes.

MR. HANNA: Certainly part of,

a relatively small part, but a part of the Block Grant dollars are allocated to the Department of Commerce for economic development purposes. Relative to --

COUNCILMAN COHEN: Is that NTI money?

MR. HANNA: That's Block Grant money.

COUNCILMAN COHEN: I was talking first about NTI.

MR. HANNA: About NTI? No.

COUNCILMAN COHEN: Is there any NTI money?

MS. SMITH: In this fiscal year budget, we're proposing allocating $2.1 million in NTI bonds to support neighborhood economic -- commercial corridor improvements. So that will be 2.1 million. The Mayor's office and NTI will be working with Commerce and the economic development agencies, PIDC, PCDC, et cetera, and the City Council to talk about how that 2.1 gets expended. But this is a new activity for the NTI bond proceeds, and the intent is to begin to augment.

COUNCILMAN COHEN: So until now, there has been no funds?

MS. SMITH: No. This will be the first fiscal proposal for commercial corridor support.

COUNCILMAN COHEN: Now, with respect to NTI expenditures on specific assignments, is there any contract administrator that supervises it, oversees it to see that it's done or done properly? When you give somebody a contract, who then has the responsibility for seeing whether that contract has been carried out and how effectively it's been done and whether it's been done in a satisfactory way?

MS. SMITH: What we have done in the past with respect to our housing programs, for example, the contracts are actually let by the Office of Housing, and their contract administrators manage and monitor those expenditures.

With respect, for example, to the retaining wall, that goes through the Streets Department, because it was associated with their mission, I guess you would say.

With respect to the demolition activity, the contracts are let through the Department of L&I, and L&I is supported, since that's such a large and multi-faceted program, with the work of Hill in terms of keeping track and reviewing invoices and submissions and that type of information. But the contracting agency is the Department of License and Inspection.

COUNCILMAN COHEN: And who in NTI oversees whether that work is done by the contract administrator appointed by the agency or the company or whoever does the work?

MS. SMITH: Well, again, my office, which I'm part of the NTI unit, is part of the Mayor's staff, and my role is to -- for example, when a City agency draws down money in support of a demolition contract, I review it and sign it, sign off on it, along with the Budget Officer for the department and other signatories to that activity. So it's several pieces. And then it's transmitted to the Redevelopment

Authority that draws the money down, because the money actually sits with the trustee, and then it's disbursed in accordance to those --

COUNCILMAN COHEN: And then when the work is allegedly done and payments have to be made, who checks to see whether the work is done?

MS. SMITH: Again, it depends on the nature of the activity. With demolition, L&I is involved in the final inspections. With respect to the housing programs, it depends on which housing program it is, but it's usually the operating department that actually does that level of monitoring.

COUNCILMAN COHEN: Well, NTI, is that an operating department?

MS. SMITH: No, NTI is not an operating department.

COUNCILMAN COHEN: So do you check, do you demand whatever -- give me an example of where you have given money to an operating department to get some work done.

MS. SMITH: Let's take, for

example, I guess like the loan programs. That was a new program, the PHIL Loan program or some of the Anti-Predatory Loan program. The contract is made -- an RFP is issued, a provider is selected, a contract entered into. Then reports come into the Office of Housing. An individual on my staff or myself, because I have a very small staff, will either participate in team meetings with the provider. For example, I went to a quarterly meeting that was convened by the Greater Philadelphia Urban Affairs Coalition where they brought together all the various banks that were participating in the Anti-Predatory Loan programs and housing counselors at that program. We had talked about what was working, what wasn't working, lessons learned, where we needed to change things, that sort of stuff.

But it's really -- the contractor in the operating department is the lead agency, supported by myself or one other staff person as part of a team.

COUNCILMAN COHEN: Well, could

we take a fiscal year, say, fiscal year 4, the year before this year, and list all of the funds advanced to departments for specific projects? Could you give Council a report indicating what was done, when it was completed and who examined the work done to see whether it was done in a satisfactory fashion and what was done where it was not properly done?

I mean, I'm having difficulty pinning down what happens after money is paid out. It seems to me that money is paid out and then a nice group of people get together and they chat about the work and that's it. I'm sure that you must have some examination of the work done. You surely don't give people money and then forget about it.

MS. SMITH: No, we don't. I'll be happy to provide you copies of reports that we receive.

COUNCILMAN COHEN: If you could send it to the President, that would be helpful, and she could get it around.

MS. SMITH: Yes.

COUNCILMAN COHEN: All right. Now, I would like to see if you send money to specific departments, like the Commerce Department, on economic development, if there are other areas in other departments involved, if you could list the departments, including the Commerce Department, and the amount of money they were given during, say, fiscal year 4.

MS. SMITH: Okay.

COUNCILMAN COHEN: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Madam Chair.

Good afternoon.

MR. HANNA: Good afternoon.

COUNCILMAN CLARKE: I've got a couple of questions. Is there anyone here to answer questions about demolition specifically, or do you want to handle them?

MS. SMITH: If I can't answer, I'll ask the people.

COUNCILMAN CLARKE: All right. Earlier, I think it was last year, Council passed an ordinance that required notification prior to demolition, and there was some discussion about how that process would take place. There was some thought of doing mailings, postings. I think we ultimately ended up doing postings by inspectors to adjacent property owners, back, forward, side, side. How is that process working, or is it working?

MS. SMITH: I haven't heard that it hasn't been working. The letters go out through the Department of License and Inspection to the adjacent homeowners. Occasionally -- the only one I can speak to, and it's maybe anecdotally, one time we did get a phone call at my office from someone who got some sort of letter and it was clear that it was telling them that there was going to be demolition in the neighborhood and they were concerned did that mean their house, and we said no and we explained that that was just letting them know that there would be activity within their neighborhood.

COUNCILMAN CLARKE: Is there anyone here from License and Inspection?

MS. SMITH: Either L&I or Rob Solvibile is here, as well as Tumar Alexander.

MR. SOLVIBILE: Good afternoon. My name is Robert Solvibile, Acting Commissioner, Licensing and Inspections.

We get a mailing, a list of the addresses in the immediate community from the demolition a block by a block, a square block basically, from the sites of the demolition and we send a mailing to the houses notifying them that demolition will be taking place in their community.

COUNCILMAN CLARKE: Who administers that program?

MR. SOLVIBILE: We receive the mailing list from Hill, and L&I has the letters sent out.

COUNCILMAN CLARKE: Hill International goes out and physically surveys the adjacent or did they have that in their database?

MR. SOLVIBILE: I believe they have that in their database from the surveys. Prior to demolition, we go and survey the neighborhood, doing a tour with the Councilpeople and the community group, and from that, they produce the mailing list to us and we put the sticker on the envelopes and have them sent to the immediate neighborhood residents.

COUNCILMAN CLARKE: What's the radius?

MR. SOLVIBILE: I believe it's a block by a block. I think it's a block beyond, back and front. In other words, if it's east, west, north, south, a block. If it's on the 1800 block, it would go to the 1900 block and the 1700 block of a street and then east and west of the block or north and south.

COUNCILMAN CLARKE: Is that process done only for demolitions that are done relating to the NTI-Hill International?

MS. SMITH: They're targeted demolitions.

COUNCILMAN CLARKE: Targeted demolitions?

MR. SOLVIBILE: The plan demolitions, the curbsides, actually we would not have the time to do that.

COUNCILMAN CLARKE: There are currently two demolitions, one that L&I does. Are all those only curbsides?

MR. SOLVIBILE: Yes.

COUNCILMAN CLARKE: And other than that, you would have to get a targeted demolition area, a bid package?

MR. SOLVIBILE: That is correct.

COUNCILMAN CLARKE: Okay. During the course of the demolition, who is responsible for monitoring that process? I know earlier on in the discussion we talked about having people out on the street. We even talked about having some notations on jackets or shirts so people would clearly understand that these people are from the City or they're from L&I or they're from Hill in the event that there are any concerns during the course of that demolition process.

Where are we at? Because I haven't, frankly speaking, seen anybody out there.

MR. SOLVIBILE: Each demolition package has its own dedicated inspector. Each plan demolition package has its own dedicated inspector, who that's their particular duty.

Now, if the package is small, say, 10 or 12 and not a large one, they'll go from one site to another site within that vicinity. But they make all decisions and interact working with Hill regarding the demolition. And if they're not there, the supervisor of the unit will have -- make sure someone covers that area for the inspector if there's any problems.

COUNCILMAN CLARKE: All right. When you say "inspector," you mean an L&I inspector?

MR. SOLVIBILE: L&I and also Hill has an inspector at each site, and we work together.

COUNCILMAN CLARKE: Are they out there all day?

MR. SOLVIBILE: I will speak for the L&I inspector. They're assigned to that site while the demolition is going on, whether it's -- if the contractor works on an off day, like a Saturday, the L&I inspector is to be there. The only thing is, he might not be quite there the whole day if he's sharing another district nearby. He'll go from one site to another site to ensure that the work is being done properly.

COUNCILMAN CLARKE: Is that a uniformed inspector?

MR. SOLVIBILE: Pardon me, sir?

COUNCILMAN CLARKE: Is that a uniformed -- how would a person know that that person --

MR. SOLVIBILE: We assign them. In the wintertime, we bought jackets that have big L&I on the back and in the springtime, they have lighter jackets that have L&I on the back, and then we also have given them shirts that aren't quite as predominant with the L&I

on the back but it says License and Inspections on the chest.

So most times they're in that -- that's the garb we want them to wear out there. That's why we purchased it for them.

COUNCILMAN CLARKE: When we first talked about this process, if my recollection is correct, we talked about a Community Engagement Unit from the MOCS that also participated in that process. Is that still in place, or was that early on?

MS. SMITH: I think it's not as large as it was, because there was some staffing losses within MOCS, but there is still working MOCS on helps or assists, particularly when we need to let people know about -- there's concern about elderly people around asthma issues, things of that nature.

MR. ALEXANDER: Tumar Alexander from the Managing Director's Office.

Councilman, yes, we still have an Engagement Unit from MOCS that go out to sites. We typically send them out to some of our larger-scale demolition sites and some where we may have some community issues.

I can presently say I know the area in Logan and in Grays Ferry package, along with -- they're on a special assignment in Kingsessing to fix up some stuff that we may have left.

COUNCILMAN CLARKE: So if a citizen or a community group may come and say, We have a fair amount of demolition take place in a particular neighborhood and we saw no one, there was no community engagement, there was not adequate notification or adequate follow-up or monitoring during that process, you would be able to say on this particular day, on this particular week, this particular inspector or that particular community unit was involved on site? To that level of specificity, you could tell us who was out there, who was responsible?

MR. ALEXANDER: Yeah. Our Community Engagement Unit keep weekly logs that they have to turn in. They actually have to turn it in daily, then they turn it into a weekly log.

When there's been situations where letters may not have -- people have said they haven't received letters, we've doubled that up, as we did in Councilwoman Tasco's area, by doing door-to-door flyer drops. So where we see a shortfall or a perceived shortfall, we do try to go back and correct it.

COUNCILMAN CLARKE: Okay. At the end of the process, the conclusion of the demolition, you then have an aftermath. What's the process? Is there an inspector to talk about the aftermath of the site, both the demolition itself, was it done properly, was there proper screening, proper treatment of the vacant lot, proper treatment as it relates to the perimeter of the site?

MR. SOLVIBILE: The building inspector and the Hill representative sign off on that the demolition was done according to the specification, and that is forwarded to -- I've kept that responsibility on myself, even after I was made Acting Commissioner, and I sign off on all the demolitions and I ensure that the signatures are there and that everything is -- the paperwork is in order. I co-ensure that.

So it is signed off by both Hill and the L&I inspector, otherwise it does not get paid.

COUNCILMAN CLARKE: What about the perimeter? What about the site conditions, separate and aside from the actual demolition?

MR. SOLVIBILE: We authorize payment in phases. Demolition, if the demolition work was complete, we will pay for the demolition and hold back, I believe it's, ten percent. I'm not quite sure of the retainage that's held on anything that's approved. I believe it's ten percent. And then if the stucco is done, we'll pay for the stucco.

And then also with the lot treatment, if it's called for on that site, which I believe most times it is, they'll pay for that phase when it's done, upon completion. And it's approved, each phase, by the same type of procedure. L&I inspector, Hill representative, then it comes to me.

COUNCILMAN CLARKE: What about the perimeter of the site? Sometimes when demolition takes place, actually more often than not, there's an aftermath, there's sometimes debris, materials, some cases damage to the adjacent properties, on the sidewalk, in and around the perimeter of the site. Who is responsible for that?

MR. SOLVIBILE: The L&I inspector -- the contractor, demolition contractor, is responsible and the inspector and the Hill representative will not sign off on it until they're satisfied that the sidewalk has been repaired, that the debris that may be left on the surrounding area in the backyard of another house is removed.

That was the main purpose of having the inspector there, so they would see it right away and stop it from happening, instead of the contractor operating on his own.

Also, I believe you mentioned damage?

COUNCILMAN CLARKE: Yes.

MR. SOLVIBILE: There is immediately on any damage, we notify Risk Management and they come out --

COUNCILMAN CLARKE: Who notifies Risk Management? Is it the responsibility of the homeowner? Because from time to time, we get a call from a homeowner. It's not generated from the Department or Hill International.

MR. SOLVIBILE: If it's an obvious damage that the inspector or the Hill representative can note, they will immediately notify Risk Management and have them come and start the assessment of the claim immediately. If the homeowner would call the inspector or the Hill representative is not aware that there was damage, the homeowner would be given to Risk Management to handle, and it's exclusively -- we in the past would try to make repairs on our own without letting Risk Management or the insurance company be aware of that. That was highly -- we were told not to do that, to work within the parameters of Risk Management and the insurance company.

COUNCILMAN CLARKE: Okay. So what you're telling me --

MR. SOLVIBILE: And, Councilman, I was just reminded, in an emergency situation, a broken window, we will make a repair immediately, but still have Risk Management come out.

COUNCILMAN CLARKE: All right. So you're telling me if there's a situation where a week or two, three, a month that the site conditions around the perimeter of that demolition are such that it's totally not acceptable to that community, debris everywhere, demolition material everywhere, then that particular inspector both from Hill and the Department of L&I has not done their job?

MR. SOLVIBILE: If the situation as you described is allowed to happen, somebody is not doing their job, yes. And it could very well be that the contractor is being held -- payment is being held, that between Hill and the L&I administrator for that job is working with the contractor to tell him get this done properly.

But it's been my understanding as a whole -- now, nothing is perfect -- that the process improved greatly under the way we've been doing it with the NTI program.

COUNCILMAN CLARKE: So if that contractor is paid and it's found that the inspector, both Hill and the City's inspector, should not have signed off because that work has not been done, then what recourse do we as the City have?

MR. SOLVIBILE: Disciplinary action would be against -- from L&I, we would call the -- we would investigate as to what happened, and I would, more than likely, make a determination whether I would turn it over to the integrity officer or the supervisor of the unit to handle discipline for the employee who didn't do their job right.

COUNCILMAN CLARKE: And what about the contractor?

MR. SOLVIBILE: The contractor would be -- also steps would be taken against him. We have, in working with NTI staff and

Hill and L&I, have had contractors suspended, removed, disciplined, not allowed to do work with us anymore. We've done that. That's daily day-to-day operations, especially in demolition. As you know, when you're destroying property, it creates a lot of debris, dirt and unrest in the neighborhood.

COUNCILMAN CLARKE: Right. Okay. Thank you.

One last question, and I know a lot of people have questions for this round. The legislation in Harrisburg that authorizes essentially the increase in the fees for recording of deeds that will subsequently create the Housing Trust Fund, what's the status of that? Is there a House bill and a Senate bill? Where are we at with that?

MR. HANNA: Councilman, I was going to get to that once we got to the Housing Trust Fund legislation, but it's my understanding that there's actually both a House bill and a Senate bill. I've forgotten the numbers. The House bill was voted favorably out of the first committee. It is now, as of yesterday anyway, in appropriations. The Senate bill, I think, is in committee, but they're both expected to be voted out and voted upon by the end of this session before they go out on recess.

COUNCILMAN CLARKE: Is it your understanding that there's different language in the two bills?

MR. HANNA: No. If they're not identical, they're very, very similar.

COUNCILMAN CLARKE: Okay.

MR. HANNA: That's my understanding.

COUNCILMAN CLARKE: All right. Okay. I'll come back on the next round.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: Thank you.

Ms. Smith, I'm going to be somewhat persistent. In FY06, the Proposed NTI Budget is over $31 million. I would like, as a district Councilperson -- I don't know how the other district Councilpeople feel about it, but I personally want to see a councilmanic breakdown of these funds within their respective categories.

MS. SMITH: Okay.

COUNCIL PRESIDENT VERNA: And I really don't know why that was not made part of your submission.

MS. SMITH: Again, not all the different categories lend themselves to a breakout, at least going forward, as to the expenditures by councilmanic district.

With respect to the expenditures that have already occurred, we can say where that money has been spent. For example, one year we put significant amount of money into the Basic System Repair program. I can give you a breakout of what's been expended to date, but we don't know where somebody applying for those resources will come from.

So I will do that for each of the categories for which I can provide information.

COUNCIL PRESIDENT VERNA: You talk about stabilization. I notice that -- and I don't want to talk about who got what, but I would think that there is a high rate of vacancies in the first, second and fifth districts and yet 50 percent of the stabilizations occurred in other districts that don't seem to have the same amount of --

(Applause.)

COUNCIL PRESIDENT VERNA: So as I said, I want to see a little breakdown.

MS. SMITH: Again, the information that I pass up to you also broke down by Council districts the stabilization expenditures. We allocated from the beginning with the FY03 program --

COUNCIL PRESIDENT VERNA: No, no, no. Is this what you're referring to, what you just gave us today?

MS. SMITH: Right.

COUNCIL PRESIDENT VERNA: Now, that indicates to me what the estimated cost is. It doesn't tell us how much it actually costs or how much remains in the budget for my particular district.

MS. SMITH: For example, in the Program Statement and Budget --

COUNCIL PRESIDENT VERNA: You tell me the number of demolitions and the estimated cost.

MS. SMITH: On Page 32 where you talk about the vacant property stabilization, 33 were allocated for Council District 2 and 33 stabilizations have been completed. We have not put any new money into the vacant property stabilization.

COUNCIL PRESIDENT VERNA: Going back to '03, I just went into my office to find out when these 33 stabilizations were done and I think they were done in '03.

MS. SMITH: But we did not add any additional money since then.

COUNCIL PRESIDENT VERNA: Ms. Smith, I want a breakdown for my district.

MS. SMITH: I will provide it.

COUNCIL PRESIDENT VERNA: Let me just ask another question. The maps that define the redevelopment areas in which the qualified redevelopment bonds can be used is not very clear. Can you tell me if either the Southwest Renewal, which is around 58th and

Greenway or 60th and Kingsessing or Reinhard Street, are included in these redevelopment areas? If not, I would like to know how does that impact what NTI dollars can be spent in those neighborhoods.

MS. SMITH: Okay. What we did in order to extend the amount of money we had, we tried to identify projects that were in redevelopment areas that were created, I think, 10, 15 years ago that would qualify for qualified redevelopment bonds. So that way, instead of using taxable bonds, we were able to use a different type of financing, which was a little bit cheaper.

I don't know if the Southwest Renewal project fell within the redevelopment area, because that was a redevelopment area that was created some years ago. We just took the existing ones, because as you know, there's a very long process to create a new redevelopment area.

What that enabled us to do, it didn't add monies. It just meant that the source of funding for acquisitions, we could use one type of bonds versus another type of bonds.

COUNCIL PRESIDENT VERNA: On Page 31 of your Statement, it would appear that we have $2 million more than we have budgeted, is that correct, for acquisition?

MS. SMITH: I think in one area we're over -- we represented -- I'm not absolutely sure where you're pointing to.

COUNCIL PRESIDENT VERNA: Page 31 of your NTI proposed, $2,509,000.

MR. HANNA: I'm sorry. Where are you getting that number from?

COUNCIL PRESIDENT VERNA: I'm getting it from your NTI Statements.

MR. HANNA: Which line, I mean?

COUNCIL PRESIDENT VERNA: Program Statement, Page 31.

MS. SMITH: Oh, okay. I see where you're talking about.

We had hoped that by selling -- the disposition policy calls for disposition of the vacant land at fair market value. We would make up that 2.5 million by reprogramming sales proceeds over time, but this represents -- and then some properties also can drop out in the light, but this is our estimate. We didn't get any new dollars from the sale. There would be a deficit, but --

MR. HANNA: This two and a half million dollar deficit would be made up through what we're calling the Recycling Agreement. That's the agreement whereby the sale of property for fair market value would essentially come back and kind of replenish the kitty, at least for --

COUNCIL PRESIDENT VERNA: And will that particular dollar be recycled in the same councilmanic district?

MR. HANNA: No. Again, if you pay particularly close attention to this particular chart, there are -- and we had this discussion with each of the Councilpeople. There are essentially two pots of money.

COUNCIL PRESIDENT VERNA: Excuse me.

Councilwoman, it's in the book, Page

31.

MS. SMITH: In the Program Statement and Budget, what we indicated was that if the money is out of the district Council-specific pot, the sales of proceeds, as we've talked with each district Councilperson, comes back to that district, and then if it was for what we call a large or significant project that the Administration initially sponsored, it will go back into that pot. So like, as you know, the two pots of funds that we negotiated a couple of years ago.

So the 2 million -- any proceeds from the sale in this part will go to offset that 2.5 million. Any proceeds from the sale -- and as you notice, there have been a couple of sales already that's noted in the Council pot. We're starting to add that back in.

So if you look at the budget above, you'll see in the first district there's been a sale of a property of $58,000. We've added that back into that Council district. We're starting to show sale proceeds.

COUNCIL PRESIDENT VERNA: I have several other questions, but I'll recognize Councilwoman Tasco at this point.

COUNCILWOMAN TASCO: I want to go to the Commercial Corridor Support program. I noticed in your testimony you are leaving and Eva Gladstein is going to run the program. Can you explain to me the makeup, how this department is going to work?

MS. SMITH: Again, it won't be a new department at all or a new agency at all. Ms. Gladstein will be part of the Mayor's staff. Her role will be as my role was, which is basically a coordinating, facilitating role, looking at budgets, working with the operating departments around the allocation of resources in support of the NTI objectives. And what we're saying with respect to neighborhood economic development and commercial corridor, that we want to make that more of a priority.

So she would be working with the economic development agencies and Council around looking at how we allocate the commercial corridor support dollars in support of existing neighborhood economic development programs and commitments. So it's sort of like elevating that piece of neighborhood work.

I think under the prior four years, five years that I've been aboard, the focus has been blight removal activities, particularly public safety demolitions and lot cleanings, as well as housing development, again led by OH&P, Kevin came aboard. So now it's saying as the third leg of the stool, let's begin to kind of focus in on that area, and it's consistent with the Mayor saying economic development being a priority for the second term.

COUNCILWOMAN TASCO: How does that coordinate with the Commerce Department? I mean, who is going to be in charge? If you're going to coordinate with PCDC and the Commerce Department, you have a Commerce Director, how does that come together?

MS. SMITH: Well, again, I

think in a way, I always look at it the way I look at my relationship with my colleagues, it's always been a team relationship and a collaborative relationship, and that's how we've kind of managed in NTI. We never wanted to create a new department. It was putting resources and sort of like -- I always throw my football knowledge. I always tease Kevin about that, but I guess sort of like a quarterback helping the game plan, the road map and looking at the resources, but it's up to the operating departments in support of that.

COUNCILWOMAN TASCO: Well, we overheard the Commerce Department, they had the Century -- what was the summit that they had where all the departments came together talking about this new plan?

MS. SMITH: It was the Economic Development.

COUNCILWOMAN TASCO: How does this fit in with the Economic Development Plan that was done by the Commerce Department?

MS. SMITH: One of the goals in

the Economic Development Blueprint spoke to advancing neighborhood economic development and focusing on neighborhood commercial corridors. There were other goals as a part of that blueprint, too, but that was a significant goal.

So if you think of that blueprint as the framework, this is the next -- putting the next pieces in place to advance those objectives, because that's what it was.

COUNCILWOMAN TASCO: But that's why you have a Commerce Department. Why do you need your department, NTI, which is supposed to be --

MS. SMITH: To help coordinate the resources. I mean, that's the role that was envisioned by the Mayor as part of his staff, to help coordinate the resources.

COUNCILWOMAN TASCO: But you have a Commerce Department and you have people in the Commerce, you have the neighborhood, as I understand it in the Commerce Department, you have a department that deals with neighborhood commerce and economic development. Why are we appropriating more money to do that when we could put the money some place else, like the Basic Repair System that we read about yesterday in the paper?

MS. SMITH: Well, I mean, one of the things --

(Applause.)

COUNCILWOMAN TASCO: I mean, it seems like a duplication to me. It just seems a waste of money when you have a Commerce Department, you have PCDC that has been charged with the development and the working with commercial corridors, and you have the Mayor's Business Action Team. You have all this stuff going on in the Commerce Department and you have a Commerce Department. You have a Director. What is her role going to be in coordinating those activities? You're going to give it to somebody else?

MS. SMITH: Well, the new resources is to help augment the existing resources. Not by much. I mean, $2 million is not a lot, but --

COUNCILWOMAN TASCO: How long

will that last?

MS. SMITH: Well, again, it depends on what type of activities we use it for. But we've been acknowledging that over time because of shrinking federal resources, for one, it's been harder and harder to sustain neighborhood economic development activities. The state is coming to the table a little bit more. We're trying to work with them, but there may be other opportunities, things like new market tax credits, where we might be able to take advantage of around commercial activity.

And, again, the objective here -- and this is always hard when you don't have enough resources to meet all of the needs. We were just acknowledging that commercial corridors, including, as you have often pointed out, also play a critical role in the vitality of a neighborhood. And so we're trying to single that that's what we're going to focus on as we wind down NTI over the next two years.

COUNCILWOMAN TASCO: Is the

Mayor forming an Office of Neighborhood Transformation that you know of?

MS. SMITH: No. Sometimes my unit within the Mayor's office is called the Mayor's Office of Neighborhood Transformation, but there's no Executive Order that will establish a Mayor's Office of Neighborhood Transformation, at least not at this point. Again, we're part of the Mayor's staff, a small unit. The focal point of our work has been coordinating, collaborating and working with the other departments around our resource allocation, trouble-shooting sometimes around issues, communications, that sort of thing.

COUNCILWOMAN TASCO: So the $2 million in the budget, the 2,170,000 money in the Commercial Corridor Support Initiative is only for year 2006?

MS. SMITH: Well, we're proposing that it be budgeted for that year. It may not all be expended in FY06, but out of bond proceeds, that's what the recommendation -- that's our proposal to City Council.

COUNCILWOMAN TASCO: And so this money will be used to do what again?

MS. SMITH: Again, depending on the need of commercial corridors within various districts, other resources and the restrictions on bond proceeds, the most likely use is going to be some sort of physical improvement that helps address conditions that arise to a quality of life, emergency-type conditions that detract from a neighborhood.

COUNCILWOMAN TASCO: And then what does PCDC and the Commerce Department do?

MS. SMITH: Well, they continue to operate. I mean, they receive resources through CDBG and others, and they will continue to operate their programs.

COUNCILWOMAN TASCO: So how do I access this $2 million if I want something done in one of my commercial corridors? What do I ask for and who do I go to to ask?

MS. SMITH: Well, I think what we are planning to do, as I testified, is the Administration will be sitting down with each person to talk about your needs specifically within your district, so like get all of that together and then work through a process around which decisions are made and come up with agreed-upon or mutually agreed to uses for those proceeds. We do not have any specific plans at this time.

COUNCILWOMAN TASCO: So who is going to meet with each of us?

MS. SMITH: The person will be coordinating. Again, it's not a sole decision, but in working again with OH, because some of the programs that we now have coming from the state not only focus on commercial corridors, they look to adjacent residential, working with the PCDC and the appropriate staff at PIDC that does revolving loan programs for neighborhood-based businesses.

I would imagine Ms. Gladstein will bring together a task force or a group of people to look at that across the City government around economic development.

COUNCILWOMAN TASCO: How much of this will be for administrative costs?

MS. SMITH: None of it would be.

COUNCILWOMAN TASCO: So all of this is for programmatic activity in the neighborhoods?

MS. SMITH: Yes.

COUNCILWOMAN TASCO: So when Ms. Gladstein comes to me and talks to me about the ninth councilmanic district and I lay out some needs in the ninth councilmanic district, what assurances do I have that we get that resource?

MS. SMITH: Again, looking at the needs, the priorities and the resources, just as we've done with acquisition, demolition and others, we try to figure out a way to make sure that there's -- resources are equitably distributed. I can't give -- it wouldn't be appropriate for me to -- I can't really answer that question, to be honest with you.

COUNCILWOMAN TASCO: Well, who laid out the program?

MS. SMITH: Again, the program

was a concept that we're saying, as we said in the book, this is going to be a priority, this is how much money we're allocating, we're going to be working with members of Council in the economic development.

COUNCILWOMAN TASCO: What do you see this $2 million buying City-wide?

MS. SMITH: Again, it's difficult for me to answer that because it may -- one community may need resources which isn't as great as another community.

COUNCILWOMAN TASCO: Who makes that determination?

MS. SMITH: I think that's a determination that we'll be making in collaboration with Council and the economic development agencies, looking at all the available resources that are out there at this particular point in time.

MR. HANNA: Councilwoman, it really wouldn't be fair to just look at this $2.1 million as the only resource for this particular initiative, because, like I said, often times state, even federal, sources require matching local dollars in order to get it implemented.

So I would imagine that this 2.1 million will be leveraged. Again, as Pat said, it would be unfair, unwise, to take a stab at a specific number. But it wouldn't just be this 2.1 million. It would be leveraged with other funding, both state and federal.

COUNCILWOMAN TASCO: For the one year?

MR. HANNA: For as long as the money is there. It could be two months. It could be three years. As long as it's there.

COUNCILWOMAN TASCO: Well, you'll be committed in six weeks.

Okay. I'll come back.

COUNCIL PRESIDENT VERNA: Is Councilman Nutter in the room? I don't see him.

Councilman Mariano, did you want to be recognized?

COUNCILMAN MARIANO: No.

COUNCIL PRESIDENT VERNA: Is

Councilwoman Miller here? Yes. The Chair recognizes Councilwoman Miller.

COUNCILWOMAN MILLER: Thank you.

I just wanted to do a small follow-up to Councilwoman Tasco's questions about the changes with the coordinated commercial piece, because it's really not clear. Is there a plan to sit down with all of us as a group to help us understand what is happening, what is the difference between who and what remains at Commerce versus what's happening? Because this is bigger and larger than just this neighborhood commercial support initiative, I would think.

What happens with our neighborhood economic development projects that traditionally get funded under CDBG or economic stimulus or some of those other funding streams, the staff people that we're used to picking up talking on the phone with questions, et cetera?

MR. HANNA: Relative to staff, and certainly relative to those staff that are funded by Block Grant, there won't be any difference at all, any differences at all. You'll still continue to call on us folks.

To get to your original question, the first question, yes, we do plan on coming around and sitting down with each Councilperson, to include the At-Large members, to talk about how Pat's transition will work and how we plan to implement the kind of reorganized effort to get at neighborhood economic development. Yes, we will come around to each Councilperson to talk about that.

COUNCILWOMAN MILLER: And what's the difference between -- I guess I'm really confused. I don't know what stays over Commerce and what doesn't, and maybe I don't need to know that today, but I've never seen anything written in terms of a new structure, what it looks like. Is anything written on that?

MS. SMITH: No. Again, what we're trying to say to the Council is, as a part of the last two years of NTI, we're going to look at -- focus on neighborhood economic development. I think a lot of people are reading more into this than there is in terms of restructuring, reorganizing. Again, it's just saying neighborhood economic development and commercial corridor in particular warrant elevation in terms of a priority.

COUNCILWOMAN MILLER: Which I agree with.

MS. SMITH: We don't have any staffing plan or the like with respect to that, and the intent is to sit down and get feedback and insight and recommendations from the Council.

COUNCILWOMAN MILLER: I guess part of the problem, Pat, is that when people aren't given official information, then it leaves the door open for rumors, and we have heard various things and I guess we just need to know when someone is going to tell us officially, other than what was in your testimony today, about the changes that are going to take place, and that's really what's going on.

MS. SMITH: Okay. I understand.

COUNCILWOMAN MILLER: And I know it's not you that -- maybe it is you that arranged those kinds of briefings, et cetera. I have no idea, but that's where we are. Okay?

I have just a couple other questions. One is on Page 4 in the Program Statement about the development of Vacant Property Management Information Systems. Where is that? What's the status? Has that actually happened yet or --

MS. SMITH: Probably Herb Wetzel as well as representatives from MIS are probably the best people to answer you in detail, but that is moving forward. Some of the significant accomplishments I believe have been scanning boxes of records and imaging. They brought on board various -- the address -- oh, gosh. URLS and other pieces are in place, but what I would like to do is ask Herb Wetzel and a representative from MIS to --

MR. HANNA: Is Dave Baldinger still here?

COUNCILWOMAN MILLER: And also the Unified Land Record System.

MS. SMITH: They're both together. The Unified, I would say that's 90 percent or 95 percent complete. The purpose of the Unified Land Record System coupled with the parcel map is that we now have an accurate parcel-based map and addressing system that can reconcile differences in addresses. There's still little things that need to be tweaked that haven't been done yet. It's like going in and cleaning up some of the data to make sure that all the pieces are in place. But that's about, I would say, at least 90 percent complete.

COUNCILWOMAN MILLER: And will Council offices be able to utilize these new systems also or get the information?

MS. SMITH: The entire City. Some of this is already operable in the sense that if you are to go on the Internet and access -- be able to use, for like example, if you put in an addressing system now, some of that is already in place.

Again, I'm always reluctant a little bit to talk about the technology side of things because I'm not an expert in it. I'm not sure. I guess they stepped out. I'm quite sure they'll be back. Here's David Baldinger.

COUNCILWOMAN MILLER: I'm kind of reluctant to ask the question because I'm also not --

MS. SMITH: Cathy can also talk to -- Cathy has been actively involved.

MS. CALIFANO: Good afternoon, Councilwoman. Catherine Califano, Deputy Secretary of the Office of Housing.

COUNCILWOMAN MILLER: Hi.

MS. CALIFANO: The VPMIS system, we've been working through the kinks over the last couple of months to clean the data. We're backlogging a lot of the information that was paper in the past so that it will be electronic. Things like title reports, deeds, all of that was paper, that we used to document that in paper form. We're looking to do that electronically.

We're phasing up the system over the next couple of months and we're tying it very closely with the Uniform Land Record System. In the next stage, we'll be able to test internally how we document the process of the RDA's acquisition activity, and that's the first phase of what we're calling build, building the process of documenting the Redevelopment Authority's acquisition and disposition process.

Members of MOIS can speak about the ULRS better than I can, so I'll let David.

MR. BALDINGER: My name is David Baldinger. I'm with the Mayor's Office of Information Services.

We've been working with the Redevelopment Authority, the Office of Housing on the development of the Vacant Property Management Information System, which, to a large extent, is complementary to the Unified Land Record System. It's really being developed as a single set of applications.

What we are doing in the Vacant Property Management Information System is embedding some technology at the Redevelopment Authority to assist in how the City manages the acquisition and disposition process, all of the activities of the Redevelopment Authority. In order to do that, we need to do a couple of things.

As was mentioned, part of what we're doing is imaging a lot of the data, the documents that the Redevelopment Authority has, converting them from paper to electronic form so that they're easier to maintain and manage. We're building workflow or the ability to electronically manage the workflow with the Redevelopment Authority.

One of the problems today, it's a very complicated process. It's difficult for the project managers to know exactly what the status of everything is. So we're building a system that's going to make it easier for them to do the things that they need to do.

Part of all of the system really depends on being able to tie together data from a lot of different data sources within the City that has to do with the ownership of property, the tax status of property, all of the stuff that is being stored today in the various departments, at L&I, the Board of Revision of Taxes, at the Records Department, and that's part of what the Unified Land Record System is doing. That is pulling all of that data together.

We're building a system that's going to allow us to, once and for all, know what is the current status of all that data for every property within the City in a system and format that is convenient and comprehensive for people to use. You can get all that information today, but it's not so easy to kind of deal with that.

Part of all of that is managing that data in conjunction with the Geographic Information System or the base maps of the City, so that when we look at this data, we're not just looking at it by address, but we can look at a map and we can see how this data kind of organizes itself by parcels within the

City.

We've done a lot of work, and Jim Querry from MOIS can talk about that. We've done a lot of work on that, but there's still a lot of work that has to be done to kind of tie these various databases together.

When we're all done over the next year -- we're developing it in phases. When we're all done over the next year, we'll have created a database that pulls together all of this data in near realtime so we'll know -- we won't be looking at data from a month ago or two months ago. We'll be looking at data in near realtime. We'll be developing a series of tools which will allow people to go in and use the system, to query the system and say what is the status of property within a particular neighborhood, what is the status of property if I have an address, and that will be a set of databases that will support the Redevelopment Authority and all the kind of staff that's involved in managing the Redevelopment process so that they'll have a better understanding of where properties are within the process of acquisition and disposition, because I know that's one of the things that people have been frustrated over times. It's sometimes hard to get a quick, accurate snapshot as to where things are in the process, and that's part of this system that we are developing.

It will be rolled out in phases over the next year and then probably further enhancements beyond that as new needs arise and as people take a look at the system and say, Wouldn't it be nice if we could do this. Those are things that we would add to it.

COUNCILWOMAN MILLER: Well, I appreciate your answer. It's also pretty frustrating sometimes in the Council offices, so when you're doing this, also think about the Council offices. People call us all the time and they're inquiring about properties, inquiring about addresses, and if we can access information quickly, it helps us too, because we, you know, we may have five people come in interested in the same address, and we just kind of need to know what's going on and be able to give people somewhat of a quick answer.

MR. BALDINGER: I think that's a fundamental need, and we intend on -- a basic element of this system is building a tool that would allow people within the City and eventually the general public to be able to go in and see the data that reflects what the status of individual properties are. I mean, eventually to the point where people would be able to go in on-line and actually make requests and express interest in properties.

I think one of the things that we found in kind of thinking about this system and talking to all of the various people involved in the process is, the more information that we can make available to all of the people within the City and eventually to everybody in the City who is interested in development and redevelopment in neighborhoods, from developers to community organizations to CDCs, the better -- the more likely we're going to have success with redevelopment. So making this whole system more transparent is a real goal of what we're trying to achieve.

COUNCILWOMAN MILLER: Okay. Thank you.

Thank you, Madam President.

COUNCILWOMAN BLACKWELL: You're welcome.

Councilman Cohen?

COUNCILMAN COHEN: Thank you, Madam President.

COUNCILWOMAN BLACKWELL: You're welcome.

COUNCILMAN COHEN: In the Block Grant program, when they send something -- when something is sent over, I don't know who sends it, but when it's sent over to the Commerce Department, there's a point to the contract administrator. Do you do the same? Does NTI have a person whose responsibility it is to administer the business that's initiated with NTI but is going to be performed by the Commerce Department?

MS. SMITH: As I explained

earlier, with respect to the NTI resources, the operating departments contract each -- like OH has a contract administration unit. Commerce has one. Streets Department has one. The Mayor's Office, other than I guess for their contracts but not for NTI, we don't have a contract administration unit in that sense. It's --

COUNCILMAN COHEN: Well, I'd suggest that perhaps you ought to, because you're the agency that's originally charged with the money.

During the hearings on the budget, do you testify or does the Commerce Department testify with respect to items that are originally in NTI but are then sent to Commerce for development?

MS. SMITH: Well, because we haven't used NTI's bonds to date to fund any Commerce activities, they have not testified. They submit written testimony, I believe, on the Block Grant portion of their expenditures, and that's overseen through the Office of Housing.

COUNCILMAN COHEN: Well, where does it get initiated? Does it get initiated, the particular economic development project, does it get initiated at NTI and then sent to the Commerce or does Commerce get in touch with NTI and say, We have a good project for use of NTI funds? Where is it born?

MS. SMITH: Well, again, it depends if it's -- if you're talking -- are you talking about the 2.1 million that's in FY06?

COUNCILMAN COHEN: I'm talking about money in general.

MS. SMITH: Maybe we can explain the process, because most of the Commerce Department and economic development money for neighborhoods has been coming out of the Block Grant. So maybe it will be helpful if we explain that process.

MR. HANNA: I think the Councilman is referring specifically to NTI dollars --

COUNCILMAN COHEN: That's right.

MR. HANNA: -- that go to Commerce.

COUNCILMAN COHEN: I know about the other monies.

MR. HANNA: But as Pat has said heretofore, there has not been any NTI dollars transferred to Commerce for any specific initiative.

MS. SMITH: We haven't programmed it for neighborhood economic development.

MR. HANNA: There is one proposed for the upcoming budget, but up to now, they haven't transferred or provided any dollars to Commerce for any specific --

COUNCILMAN COHEN: Has there been testimony with respect to the upcoming one given to Council yet?

MR. HANNA: Yes.

COUNCILMAN COHEN: Who gave the testimony?

MS. SMITH: I gave the testimony. It was part of my opening remarks. I talked about the Commercial Corridor Support program. And I hear your concern about making sure that we have appropriate apparatuses in place to monitor --

COUNCILMAN COHEN: Because I think people would go to NTI for an answer.

MS. SMITH: Yes. I understand that. So I agree. We'll make sure -- and I will pass that on to my successor to make sure that issue is addressed.

COUNCILMAN COHEN: All right. Thank you.

Thank you, Madam President.

COUNCILWOMAN BLACKWELL: You're welcome, Councilman.

Councilwoman Tasco?

COUNCILWOMAN TASCO: Could we see an organizational chart for this new support program, if you can give it to the President.

MS. SMITH: At present, we don't have one. What we would probably need to do is, over the summer we were going to put one together, but we can expedite that. But there is not one existing. Again, the purpose of the budget is to say that we're going to put $2 million to help commercial corridors.

Organizationally the NTI office is part of the Mayor's office, and I think there's five staff people at this point as part of that. Now, that could change, but the Renewal Community would still have its staffing, and Empowerment Zone. I mean, we can put something together, but it will be what exists now as opposed to what's being planned.

COUNCILWOMAN TASCO: I'm just still concerned how the coordinated effort will be with the Commerce Department.

MS. SMITH: Okay. We'll address that.

COUNCILWOMAN TASCO: I'm sorry. I'm done. Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Councilwoman.

Councilman Ramos?

COUNCILMAN RAMOS: Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL:

Certainly.

COUNCILMAN RAMOS: Can you talk to us a little bit about the Equitable Development Strategy? There's, I believe, 2.17 into FY06's budget. This is a very important program, from my point of view, because we all have been witnessing the appreciation of real estate in Philadelphia, the appreciation of my property as well, and then real estate appreciation has gone up throughout this City. Only for the exception of a handful of pockets of the City, property values have gone up, but we all know, especially those of us that are older, know that there could possibly be a downside to this, and, that is, when we do real estate assessment, if people that have lived in neighborhoods where the property value has skyrocketed, can they afford to stay there, can they pay all the additional taxes that comes along with the appreciation of the value of property.

Can you talk to me a little bit about how does the public access this program, who qualifies for this program, please?

MS. SMITH: Again, this is being proposed to Council as a priority, for which we'll work out the programmatic details. We, I think, listed five objectives, and one of them is to assist long-term homeowners by providing information around tax assessment. We may end up providing assistance with taxes. There's issues around -- I think some people have been talking about even how we might be able to assist existing tenants in neighborhoods where there's been an extraordinary amount of appreciation.

So, again, we haven't filled in all the details of each program activity. What we're saying to Council is that the Administration acknowledged that, one, it's a growing concern, that it can be a double-edged sword. We want to learn from other cities that were caught offguard by it and really begin to put into place -- make sure we have adequate protections in place, as well as expand on some of our existing programs.

So, again -- and we've done this

before. For example, when we put forth the Employer-Assisted Housing program or the Anti-Predatory Lending campaign, we didn't have every "I" and "T" dotted. What we're saying to Council is that this is what we want to make a priority, and over the fiscal year, we'll work out the programmatic details with respect to that.

There are some ideas that we've been tossing around. One is grants to homeowners to assist with -- and how that gets administered, we'll start to figure out, but grants to homeowners. Another concern we hear about is the inability of -- let's say you live in a neighborhood and you grew up in the neighborhood, where your values have increased and really want to remain in that neighborhood and you're in a position to buy a house, but the sales price is too high. Is there a way we can provide assistance to a low-income family to remain to buy a house, to maybe move from a tenancy to a homeownership position within the neighborhood.

So those are the kinds of things

we've been like, I would say, brainstorming about.

COUNCILMAN RAMOS: Well, I think it's a marvelous idea and it can help a lot of people, but I think that since it's in the FY06 budget, that we'd better get that program going so when the calls -- and for people that are listening and watching at this moment, they want to know do I qualify, how I do qualify and where do I go for this help. So that's going to be very important for us to find out when this program is going to get started, who qualifies and where do I go.

MS. SMITH: And one of the things that probably will be helpful is, as we work out the program details, bringing it back, make sure that the Council understands and all the contact information and what that will end up being. The intent is really to take the summer to do that.

COUNCILMAN RAMOS: I'd appreciate it. Thank you so much.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank

you, Councilman.

COUNCILMAN COHEN: Point of information.

COUNCILWOMAN BLACKWELL: Point of information, Councilman Cohen.

COUNCILMAN COHEN: I understand there are many people here waiting for a hearing on the Housing Trust Fund issue and I was wondering whether we could move on to that.

(Applause.)

COUNCILMAN COHEN: Because they're from the community. And on NTI, I think the discussion has been helpful to everybody, but I believe that maybe we ought to get the community to the point of expressing itself and telling us why they're here and how important it is.

Thank you, Madam Chair.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you, Councilman Cohen. Right now we're still in a joint Committee of the Whole and Committee on Housing, Neighborhood Development and the Homeless and there are nine people who signed up to testify on this bill before we get to the Housing Trust Fund, which will be considered just in the Housing, Neighborhood Development and Homeless Committee.

So I believe Councilman Nutter had questions. If my colleagues are satisfied, we can move on to these people who have come up and call three at a time and try to get to the Housing Trust Fund, if that's acceptable. Thank you very much.

Thank you, Councilman.

MR. McPHERSON: The first witness is Jimmy Shrode, Disabled in Action. The next one is Albert Seawright, Tenants Action Group, and Brad Baldia, United Communities of Southeast Philadelphia.

COUNCILWOMAN BLACKWELL: Thank you for your patience. Please identify yourself for the record and begin your testimony.

MR. SEAWRIGHT: Good afternoon. I'm Albert Seawright for the Tenant Action Group of Philadelphia. Along with me is --

would you identify yourself?

MR. GOULD: George Gould, Community Legal Services. I also represent the Tenants Action Group.

MR. SEAWRIGHT: Thank you for the opportunity to testify regarding the need to fund the Philadelphia Homeless Prevention program or a program similar to it.

TAG has participated in the Philadelphia Homeless Prevention program for the past 12 years. There's a serious problem in that this is the first year that we didn't participate in the program, in that the program was cut back last year substantially to only a three-month program. Initially it was cut out totally. And this is a serious problem.

I will give you a few reasons as to how this has impacted our clients and your constituents and the problem that it's causing.

A couple years ago, the City abandoned the Rental Housing Abatement program, which will repair heaters or other systems for neighborhood landlords that were neglectful of their property. This program was disbanded two years ago, meaning that in the wintertime when L&I go out to do an inspection for heaters not working, the only option is for the City to close the property down and in fact make the tenants homeless. Whereas, the abatement program used to allow the City to put a lien against the property and make the family whole and have a decent place to live.

The City Housing Authority had cut back on Section 8 certificates as well as vouchers, which makes it very difficult for low-income families to find housing and they're forced to use whatever means necessary and possibly even resort to the City shelter system.

With the Philadelphia Gas Works and other utility companies' new policies, it makes it impossible for low-income families to get the service restored if in fact the service is terminated. The Philadelphia Homeless Prevention program, as it was used in the past, would help solve these type of problems.

Long-time homeowners are now being foreclosed upon in record numbers here in the City of Philadelphia. These are homeowners that could have used the Philadelphia Homeless Prevention program to maintain their housing situation. These are some of the instances that -- in fact, the Philadelphia Homeless Prevention program has been a lifeline to assist the hidden homeless population in the City of Philadelphia. I'm talking about people that are forced to live in their automobiles, families that are forced to double up, triple up and use whatever means necessary to provide housing, simply because they can't pull together the resources to in fact have a decent home for themselves.

The Homeless Prevention program would help address some of these problems, and the Philadelphia Low-Income Housing Coalition believe that the Philadelphia Homeless Prevention program has actually saved lives in the past because people had these options open to them.

George, you wanted to say something about some of the stuff?

MR. GOULD: Good afternoon. Let me try to be brief. The need for some kind of homeless prevention program to be restored in the City is critical. There are three areas where we need to take a look at where we have a crisis now, and the crisis is clearly going to get worse.

The first is that sheriff sales in this City continue unabated, that we are at record high. This past year the court imposed a moratorium on sheriff sales and mortgages because the situation was so bad. The situation is getting worse, and we clearly need some kind of prevention program to help low-income homeowners who are facing this pressing need.

Eviction of tenants, it continues also to go unabated in this City. In Harrisburg, the state legislature is considering legislation which would decrease the amount of time it takes a landlord to evict a tenant in this City, further causing substantial problems, further causing a great crisis and just exacerbating the problem of homelessness.

Finally is the energy and utility situation. I think all of you are aware of the legislation that was passed in Harrisburg, Act 201, which makes it extremely difficult now for people, especially low-income people, to enter into payment agreements and makes it very difficult if their utilities have been cut off to get it restored.

If you take all these factors together, what we have is a crisis that is clearly projected to be getting worse, and we ask that the City put some monies in -- we're asking for $5 million -- into a prevention program so we help people who are being evicted, whether they're homeowners, whether they're tenants, and we help people prevent life-threatening utility shutoffs from taking place in the City. Thank you.

(Applause.)

MR. SEAWRIGHT: In closing, I

think it's important that you give serious consideration, because I get calls from staff often asking for services. Who are you going to call when a family, wage owner, finds a new job and they can't get the gas service turned on simply because they don't have enough income? It's not available now. The program is just not existing.

When a homeowner or a tenant is being forced out on the streets because they can't in fact pay their mortgage and/or rent, we don't have the services available. We have some programs such as FEMA and HAP, but the fact of it is, by the time they reach our office, they're usually two, three months behind in rent and we have to blanket the programs together to make a family stable, which in fact makes a community stable, and it increases the City housing stock to keep the City housing stock in good condition rather than have it deteriorate. That's why we feel that the program needs to be immediately reinstated and expanded to a level of $5 million so that we can in fact provide decent housing in the City of Philadelphia.

COUNCILWOMAN BLACKWELL: Thank you, Mr. Seawright.

Let me say that we will go by those on the list. Mr. Gould, we were happy to recognize you, but we will not recognize people on the list until after those nine who are on the list speak. So everybody is welcome to speak who wants to speak on the NTI list. And, remember, that we still have -- I mean, there are another some 30 other people who want to testify, some on Housing Trust Fund, some on Community Block Grant, and we tried to ask you when you called which bill you chose to speak about.

Having said that, we're happy to hear you, but you can't come in before -- we had three people we called. We're happy to hear you after we go through the next six people who are already on the list. Then you can speak. But we won't let everybody come in at once behind one person, because it's just not fair.

Thank you. We'll respond.

Mr. Shrode?

MR. SHRODE: Good afternoon. My name is Jimmi Shrode and I'm testifying on behalf of the Disabled in Action of Pennsylvania, which is a membership organization in the Philadelphia metropolitan area.

(Applause.)

MR. SHRODE: And we're an organization of over 350 members.

We're a grass roots advocacy organization who believes that we, people with disabilities, have been and always will be our own best advocates. And Disabled in Action has been empowering people to do self-advocacy now for over 32 years.

The number one call that we receive always concerns housing. There is a great lack of affordable, accessible, permanent and integrated housing for people with disabilities, and even though there are 66,000 people with disabilities in the City who have been identified in need of such housing, we are not a priority when it comes to getting housing at all.

Today I'm here to testify to the needs of the Homeless Prevention program. The program was discontinued by OESS and it is very much needed. Doing away with the Homeless Prevention program is a case of being pennywise but pound foolish. While doing away with the program seems like it is saving money, it doesn't. Receiving shelter services costs 21,000 per family a year, as opposed to the Housing Prevention program, which only costs about $1,200 a year. 98 percent of the people who used the Housing Prevention program when it was funded did not go into the shelter.

Therefore, we would like to see the Homeless Prevention program funded at $5 million for fiscal year 2006. We would like to see the $5 million come from the NTI line item for Residential Demolition, because there is $15 million in that line item available.

In addition, I'm asking that the Adaptive Modification program be kept at $5 million. Despite the cuts from the Community

Development Block Grant funding by the federal government, OHCD has to keep this program funded at a current level.

In the current Consolidated Plan for Year 31, people with disabilities are not listed as a priority, even though the elderly population has been designated as a high priority. According to Table 3.4 on Page 15 of the OHC Consolidated Plan, the estimated housing needs of people with disabilities far outweigh people with AIDS, HIV, frail elderly and MH and MR combined.

Therefore, we would like to see 2.5 million taken from the NTI line item for Residential Demolition from fiscal year 2006 and 2007.

(Applause.)

MR. SHRODE: And we would like to see this money added to the Adaptive Modification program that's already been funded to 2.5 million, for a total of 5 million.

And, finally, despite the cuts in CDBG funds, we cannot afford to cut the Basic

Systems Repair program out. If you are serious about eliminating blight, you need the Basic Systems Repair program.

(Applause.)

MR. SHRODE: It is important to many very low-income homeowners to keep them from losing their homes and becoming homeless because their homes have become hazardous or unlivable. There is money in the NTI line items to fund this program. Therefore, we're asking that 1.5 million be taken from the NTI line item Equitable Development for Basic Systems Repair and 5 million be taken from the Residential Demolition line item and put into the Basic Systems Repair program.

(Applause.)

MR. SHRODE: This City has been very good about funding the building of new condominiums and townhomes that cost a half a million dollars in the City of Philadelphia but have neglected the poor and the very low income, and it's time that City Council accepts its responsibilities.

Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much, Mr. Shrode. We thank you, gentlemen.

While the next three witnesses are coming.

MR. McPHERSON: The next three, Brad Baldia, United Communities of Southeast Philadelphia.

Somebody else took a seat.

COUNCILWOMAN BLACKWELL: Are you Mr. Brad Baldia?

MR. BALDIA: Baldia, yes.

COUNCILWOMAN BLACKWELL: Baldia, thank you.

MR. BALDIA: Good afternoon. My name is Brad Baldia --

COUNCILWOMAN BLACKWELL: Excuse me one moment. We'll have two more people take seats.

MR. McPHERSON: Jerry Bennett, Energy Coordinating Agency, and Nora Lichtash, Women's Community Revitalization Project.

COUNCILWOMAN BLACKWELL: Thank

you. While they're coming forward, let the Chair note that in terms of the issue of Section 8's, as a Commissioner on the Philadelphia Housing Authority, I would like to say that I wish there were Section 8 certificates sitting around, but certainly your issue is not with the Housing Authority but your issue is with the philosophy -- the Bush Administration's philosophy that has cut back with the Section 8 application. That is where you should address your concerns. Everything is not local. Hey, we wish it were. If everything was local, we wouldn't have a cutback. But we wanted to note that for the record, and thank you for mentioning that important issue, and we agree with you, we need our Section 8's. Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you. Mr. Baldia, again introduce yourself.

MR. BALDIA: Good afternoon. My name is Brad Baldia. I'm the Director of Development and Outreach, United Community of Southeast Philadelphia.

United Communities is an active organization in the first City councilmanic district. On an annual basis, United Communities touches over 10,000 City residents. Our services range from pre-school to senior citizens. However, two of our most active programs are Energy/Emergency Assistance and Housing Counseling. As a result of this work, United Communities encounters a significant number of low-income Philadelphians who are on the edge of homeownership. In all instances, they want very much to retain their homes, remain in our neighborhood and avoid the need to relocate.

United Communities became an active member of the Philadelphia Affordable Housing Coalition two years ago. As an organization with settlement house roots, United Communities has a strong obligation to advocate for the needs of our diverse community. While the community has experienced housing changes in the past several years, there are increasing numbers of homeowners who would benefit from increases in resources to address the affordable housing needs of low-income Philadelphians. It is for that reason today that United Communities is asking that City Council pass the Housing Trust Fund, reinstate the Homeless Prevention program and increase resources to the Basic Systems Repair program.

50 percent of the Housing Trust Fund is targeted to provide resources to low-income families. This is a critical need, as the City finds itself with shrinking housing resources. This new funding can add to the range of resources available. While some of this funding may go to Homelessness Prevention and Basic Service Repair program, United Communities on behalf of our community residents is urging that the Trust Fund not be regarded as the end-all to addressing these issues.

While our organization appreciates the varied needs of communities throughout the City and recognizes the value of the Trust Fund, we are concerned that relying on the Trust Fund to address affordable housing needs will not fully address the needs of low-income Philadelphians.

As a result, I am here today to advocate for the following steps related to funding for affordable housing in this year's City budget: Amend the NTI line items Residential Demolition and Equitable Development Strategy to the following categories below: $5 million for the Homelessness Prevention program from fiscal year '06 to fiscal year '07 NTI Residential Demolition line items; 1.5 million for the Basic Systems Repair program from FY06 NTI Equitable Development Strategy line item; 5 million for the Basic System Repair program from FY06 and FY07 NTI Residential Demolition line items; and, lastly, 2.5 million for the Adaptive Modification program from FY06 and FY07 NTI Residential Demolition line item.

(Applause.)

MR. BALDIA: Or amend the City budget and transfer money for these programs from the $20 million surplus from this year's real estate transfer tax revenues.

Thank you on behalf of United Communities and low-income Philadelphians who desperately need action on increasing resources for a basic human need. Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Mr. Baldia.

(Applause.)

COUNCILWOMAN BLACKWELL: Mr. Bennett?

MR. BENNETT: Hello. I'm Jerry Bennett, the Director of Programs at the Energy Coordinating Agency.

Over the last 20 years, the Energy Coordinating Agency has solved energy and housing problems of low-income Philadelphians by delivering services through a network of 11 neighborhood energy centers, each of which serves as a one-stop shop in low-income neighborhoods.

Each network provides access to bill payment assistance, energy education and related housing and human services, and together they serve nearly 30,000 households annually.

From about 1996 to 2004, ECA's Homeless Prevention program was a key resource used to stabilize the residents of thousands of families across Philadelphia, preventing eviction and foreclosures due to debt.

The City of Philadelphia's ten-year plan to end homelessness urges the implementation of prevention strategies focused on meeting the needs of at-risk populations, such as those experiencing eviction, foreclosure or transition from institutions such as prisons, hospitals, substance abuse facilities and foster care. Restoring and improving programs that address these needs could go a long way towards containing and reducing shelter residencies.

There are some reasons why this could happen. An OESS study of Philadelphia shelter residents concluded that 25 to 30 percent of shelter residents were transferred directly from residential institutions. A Temple University Institute for Policy Studies report cited a survey stating that 25 percent of shelter residents came to shelter from an apartment, so evictions lead into homelessness.

The Center for Mental Health Policy and Service Research at the University of Pennsylvania stated in a 1995 study that 15 percent of all households and 20 percent of family households that were admitted to shelter had their utilities terminated within a year of their admission to a shelter.

As an administrator of ECA's Homeless Prevention program, I know the stories of thousands of families that have crossed my desk that tell a compelling financial crisis brought on by medical emergencies and the loss of steady employment. We work intensively with these families to assemble a package of financial support that would avert evictions, foreclosures and utility terminations.

By funding for many of these programs that address these needs have recently been severely reduced, making Homeless Prevention grants a much more critical component of the debt interventions that we design for families. These programs include the PA Housing Finance Agency's Homeowner Emergency Mortgage Assistance Program, the Federal Home Administration Mortgage Assistance Program, the Federal LIHEAP and Crisis Program, the Utility Emergency Services Fund and the Philadelphia Corporation for Aging Utility Fund.

The impact of funding losses in utility debt payment programs are made worse because they have to repay debt generated by the rising natural gas and oil prices that have doubled in the last five years. More aggressive debt collection action to counter rising customer delinquencies will inevitably follow, as it did last year when the Philadelphia Gas Works terminated the service to 35,000 customers. Recent eliminations of many consumer protections under the Pennsylvania Act 201 will only lead to more utility service terminations and evictions.

Lack of funding for the Homeless Prevention system is one major factor driving up admissions to Philadelphia's shelter system. Last year the Philadelphia Inquirer reported that the shelter and street count of homeless persons rose by 13 percent. The average cost of homelessness prevention services at least at ECA was a total of $960 per household, which included all costs such as case management, emergency housing assistance, job development and the administration of the program for $960 per family. In stark contrast, the average cost providing emergency shelter for a same family was $21,600. That's 22 times as much and a major waste of tax dollars.

I urge you to reinvest in the Homelessness Prevention system with a $5 million allocation from the FY06-07 NTI Residential Demolition line item or a portion of the $20 million surplus from this year's real estate transfer revenues. If this program is not restored, we'll all pay the consequences.

Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank

you. Thank you, Mr. Bennett. We assume that the issue you were working with Belmont Improvement Association, NAC, has that worked out?

MR. BENNETT: Yes, it has.

COUNCILWOMAN BLACKWELL: Thank you very much.

Ms. Lichtash?

MS. LICHTASH: Thank you. My name is Nora Lichtash. I work with the Women's Community Revitalization Project.

I wanted to do two things in my testimony today. The first thing is thank you in Council, thank you. We wanted to thank you and also the Administration for working with the advocates and all the folks who are here today and around the City who know firsthand the need for the Philadelphia Affordable Housing Trust Fund. Other people know the need for that, right, Housing Trust Fund?

(Applause.)

MS. LICHTASH: We hope that every Councilperson will pass this important legislation, will vote to pass it. It's a vital first step to create resources that meet the housing needs for people in every Council district.

I also want to thank the Administration -- and this is an example of what we can use the Trust Fund for -- for the support of WCRP's development named after a North Philadelphia resident and activist, Ms. Evelyn Sanders. I have her picture attached to my testimony. She's this lady right here in the middle. She passed about two months ago, and we're naming our next development after her.

I wanted to thank Rick Mariano, our Councilman, for helping us get the land. We have the active support of neighborhood residents, and we're going to build 60 townhouses.

(Applause.)

MS. LICHTASH: Yeah. That's a good thing. It's going to be in two phases, 30 rental homes and 30 lease purchase homes at Percy and Hutchinson, and our hope is to get resources from the Trust Fund once it's a reality. So we're looking forward to that. Thank you. As I said, the Trust Fund is a critical step, but it's only a first step.

And the second thing I want to do today in my testimony is to ask you in Council to take a stand to save your constituents tax dollars. Does anyone care about saving constituent tax dollars?

The average cost -- what we want to do is prevent costly problems before they happen, and I'm talking about saving money by increasing the budget for home repair and Homeless Prevention programs. The average cost to taxpayers to fix up a house through BSRP is $5,300. The average cost to taxpayers if a child needs to be removed from the home because of a serious housing situation is $13,500 a year. To maintain a family in a homeless shelter, between 21,000 and 22,000 a year. To demolish an unsafe house, 22,000. And to place an elderly person or a disabled person in a nursing home is 40,000.

So we believe that by increasing the funding for BSRP, the Basic Systems Home

Repair, and the Homeless Prevention money, we'll be saving taxpayers a lot of money.

Our suggestion is that that funding could come from the NTI budget. We've talked about a lot of items today. Pat Smith said that there's more than $21 million that was unexpected coming into the NTI budget this year. Some of that money is in demolition. Again, I'm not an expert on this, but we believe that it can be taken out of some pots that are demolition, maybe some pots that are Commercial Corridor Support program and the Equitable Development line item.

I just for a minute want to finish by talking about equitable development. We really appreciate Council and the Administration bringing up the issue of equitable development where gentrification is happening in the neighborhoods where we live and work, and we welcome the opportunity to work with anyone who wants to in the future, Council, the Administration, to strengthen our communities.

We don't want communities where new

homeowners who may very well be wealthy can get a ten-year tax abatement where at the same time long-time residents are struggling to pay their property taxes, where rents are going up and too many residents are forced to leave. People have talked about it here today. We want to work with Council and anyone else who is interested on trying to get programs.

But we don't expect that money to come just from the public sector. We believe that there's an opportunity to figure out how to get genuine mixed-income communities that stay mixed income, they're not on their way to being just rich communities, by getting a percentage of the development costs from market-rate development to come into a fund like the Affordable Housing Trust Fund -- am I screaming? I'm sorry. I feel strongly about this -- to come into the Affordable Housing Trust Fund that will help both new residents as well as old residents and ensure a sustainable, inclusive community. Thanks.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank

you all very much.

MR. McPHERSON: The next witnesses are Cheryl Weiss, Diversified Community Services; Judith Robinson; and Don Kelly, GPUAC. The next group after that will be the Girard Avenue Coalition, Roger Kerns, Sam Weiner, Cicely Magman.

COUNCILWOMAN BLACKWELL: Thank you very much. So you'll be ready so we can move it along.

Thank you very much for your patience. Feel free to identify yourself for the record and begin your testimony. Thank you very much.

MR. KELLY: Good afternoon. My name is Donald Kelly. I'm with the Greater Philadelphia Urban Affairs Coalition and I'd like to testify on behalf of the funding for the NTI regarding two programs that we have been contracted for and are now administering, the Home Buy Now Employer-Assisted Housing Program and the PHIL-Plus Anti-Predatory Lending program for home improvements.

In 2003, the Neighborhood

Transformation Initiative committed to invest in an innovative community and economic development tool, an Employer-Assisted Housing program for Philadelphia employers called Home Buy Now. This program offers employers a menu of housing-related benefits to offer to their employees. The benefits include home purchase mortgages, down payment and closing cost assistance, home improvement loans, home buyer education and credit counseling.

The program is designed with maximum flexibility in mind so that each employer may choose a combination of benefits that best suits its needs and resources.

By offering employers a vehicle to assist their employees to purchase homes in Philadelphia neighborhoods, the program helps private and not-for-profit employers alike to address critical employee recruitment and retention needs, while boosting the rate of homeownership in the City.

Philadelphia employers of all sizes enroll in the program to enhance their employee benefit packages, thus making working in Philadelphia more attractive. A participating employer could structure Home Buy Now to serve as a neighborhood revitalization strategy as well as a business strategy by linking eligibility for its housing benefits to those housing units that are located in the vicinity of the place of employment. Such a live-by-near-your-work strategy would reduce commuting time and contribute towards improving the neighborhood around the job site.

As an incentive for both employers and employees, NTI provides up to $3,000 in matching grant funds to every employee who receives an employer contribution towards down payment and closing costs. As an economic development tool, the City has decided that there will be no employee income limits to obtain the City funds.

Home Buy Now is entering now its third year of operation and has begun its marketing stage as of last fall. Since that time, ten employers have enrolled and offer at least one of several housing benefit options available through Home Buy Now, and ten employees now have bought homes. Participating employers include Citizens Bank, Fannie Mae Corporation, New Courtland Elder Services, the Energy Coordinating Agency, Germantown Friends School and People's Emergency Center.

Employees from all income levels have participated. Household income have ranged from 25,000 to 200,000, and sales prices of the homes range from 80,000 to 525,000. Employees have purchased homes in a variety of Philadelphia neighborhoods, including Germantown, Rittenhouse Square, West Oak Lane and West Mount Airy.

While these results show some early success, this is only the beginning. With continued funding from NTI, GPUAC intends to build on the strong foundation that has been laid early in the program. Goals for the third year of the program will significantly build momentum for these housing benefits. GPUAC plans to enroll at least 28 new employers, bringing the total number of employers enrolled to 38 by the end of the next contract year.

So through Philadelphia Home Buy Now, the City has a powerful and effective strategy to work with employers to make Philadelphia a better place to work and live. So we urge you to continue funding this creative public/private partnership.

The second NTI-funded program for which GPUAC wishes to testify is the Anti-Predatory Lending program marketed as PHIL-Plus and Mini-PHIL Home Improvement Loans. This Anti-Predatory Lending program had its origin in 2002 when 40 partners came together to create an alternative loan product for homeowners with less-than-perfect credit for needed home improvements and repairs. The idea was to give homeowners who would not normally qualify for a traditional bank loan an honest and affordable alternative to the aggressively marketed predatory loans that were destroying people's lives and neighborhoods. The partners include nine banks, 25 City-funded housing counseling agencies, two City agencies, three home inspection firms and GPUAC.

PHIL-Plus and Mini-PHIL were launched on June 30 of 2003 by Mayor John Street. Since that time, it has closed 72 loans totalling approximately $1.3 million. Loans are available up to $25,000 for owner occupants only of one- to four-unit residential properties anywhere in the City of Philadelphia. Up to half of the loan can be used to pay off existing high cost debts. Borrowed credit scores to be eligible go as low as 5.50, which is considerably below what banks normally require.

The City has encouraged the banks to extend themselves and make riskier loans than they would normally make under this program by creating a reserve fund of $450,000 with the NTI funds.

The partners in this program plan for the program to grow and to serve approximately 65 more vulnerable homeowners in the coming year. So your continued support for this worthy program is also encouraged.

Finally, I'd just like to close my comments by encouraging the Council to support the Housing Trust Fund, which we also have endorsed previously and consider a strategic element of a comprehensive affordable housing program for the City of Philadelphia.

COUNCILWOMAN BLACKWELL: Thank you.

Before you speak, Ms. Robinson -- and we'll recognize Councilman O'Neill. Before that, let me just ask, we only have two more panels to come forward and we'll ask if the members of the Housing Committee can just stay in the room long enough to give us a quorum so we can hear testimony. I know you may not be able to stay through all the testimony, but if you can just give us a quorum, then we can legally take testimony so that all of these folks who are here will have an opportunity to speak, and, likewise, we'll ask you -- the President has been real generous where time is concerned, but if we keep in mind there's still many of you here, if you look around, who would like to testify, if we try to consolidate it, if we could keep it like no more than three minutes, it would be very helpful to those of you who work in the field and try to help one another, so that we can get everybody in in a timely manner.

Having said that, Councilman O'Neill, did you want to say something?

COUNCILMAN O'NEILL: I'm fine. Thank you.

COUNCILWOMAN BLACKWELL: All right.

Thank you, Ms. Robinson. Please identify yourself for the record and begin.

MS. ROBINSON: Yes. Good day. My name is Judith Robinson and I'm here today as a founding member of the Strawberry Mansion Civic Association. Because we are consolidating all the testimony, I'm going to try to connect my Neighborhood Transformation Initiative testimony along with the Housing testimony, in addition a little bit on the Housing Trust. So in that regard, I hope I'm not too disconnected in stating that I'm happy that two new organizations have been funded in the Strawberry Mansion area. Although they have been funded, the Strawberry Mansion NAC, Neighborhood Advisory Council, and there's a CDC that has been created, none of them are here today -- correct me if I'm wrong. If they're in the room, let me know -- to talk about housing and the massive proposed demolition for Strawberry Mansion area. It's truly unfortunate that no one is here to say no to massive demolition.

I see that according to the Program Statement and Budget for NTI there has been an increase in residential demolition. There was some earlier testimony about reducing that amount. I will agree with that reduction 100 percent, especially since the Neighborhood Transformation Initiative is supposedly for future development.

To use these taxpayers' dollars, dollars that would have to be paid back by taxpayers to demolish areas that will not be -- where there will not be any proposed development in the future is a waste, especially when there is a need in so many other areas.

Massive demolition is destabilizing to communities, is disrespectful and it will not bear any future value. The people that are left there feel demoralized because their value cannot be realized. Any home, no matter what the price, probably is the major asset for the family. So to come in with massive demolition without any plan for future development is a misuse of money, especially when all of this meeting regarding NTI was supposed to be for future development and using best practices.

I have attended last week a Policy Link conference that was held in this town and everything they talked about was about new urbanism, being able to access transportation, being able to use commercial corridors, being able to walk to work, et cetera. To have massive demolition in a community doesn't live up to any of these best practices that were talked about at this Policy Link session.

In addition, I have been going to Redevelopment Authority Board meetings where the implementation of what you all vote on here happens. It's not enough for you all to vote on this policy and then turn a blind eye and deaf ear to how it's implemented. Fair market value is the law. Also community participation is the law. So there should not be massive demolition in communities without community participation, and when community says no, that means no.

(Applause.)

MS. ROBINSON: Thank you.

There are many among this massive list of demolition that we in the Strawberry Mansion community received, there are many of City-owned properties and PHA-owned properties in that bunch. With a long list of people needing affordable housing, I find it just unconscionable that we would demolish houses that can be salvaged. So I also support additional monies going towards rehabilitation of properties, basic system repairs, everything that can support preservation of properties.

(Applause.)

MS. ROBINSON: We're talking about affordable housing and having a Housing Trust, and I think that's a good thing, but I wish those that are advocating for affordable housing would help those of us that are advocating against massive demolition. Let's not tear down affordable housing.

In the issue of time, I'm going to be brief, but I just want to read this because this is very important. "The consequences of a typical urban renewal program are often harsh. People are forcibly evicted from their homes. Businessmen are forced to close their doors. Buildings, good and bad, are destroyed, all in the name of an appeal to some higher good, the public good." That sounds very familiar, but I'm reading from a book called The Federal Bulldozer by Martin Anderson that was written back in 1964.

This whole process of demolishing properties and so-called transforming neighborhoods is old news. It's not something new. So to change it to a fancy name called the Neighborhood Transformation Initiative and come at a community, mostly African-Americans, in a very negative way to destabilize our community is not going unchallenged. We know that this has a negative effect on our community, especially when lots in North Philadelphia are selling for 20,000 and I'm selling shells as a real estate broker for over 100,000. Back off of our assets. We can sell them.

New urbanism and growing greener is the order of the day. We're looking forward to taking part in greening, but we don't want our houses to be demolished and our neighborhoods destroyed in order to have that happen.

In addition, regarding economics, I want those numbers to be proven. We don't believe it and we don't see it in our community. Every time economic stimulus goes on to communities, supposedly it's to benefit the communities. We don't want to be left with a bunch of vacant lots and we can't even get jobs mowing the lawn.

(Applause.)

MS. ROBINSON: In addition, I see there's an increase for historic preservation. We just hope that in North Philadelphia, which has Diamond Street, one of the first historic districts, that our historic properties will be preserved. Give us the same respect that you would in other areas, like Rittenhouse Square, et cetera. So we want to make sure that money is spread around.

(Applause.)

MS. ROBINSON: In closing, we are real clear on this regional approach and equitable approach to regional distribution of land, et cetera. I have this book here called Flight or Fight. We want to fight too for the betterment of Philadelphia, but we don't want to have our community destroyed as you reduce sprawl in other areas.

We understand everything as it relates to policy link and regionalism. We're real clear on that, and we support that 100 percent, but we feel that in-fill housing and the ring around Center City, North

Philadelphia, West Philadelphia, South Philadelphia, et cetera, can be better developed in a respectful manner where we all can grow and develop.

In addition, there should be more outreach as it relates to everything related to Philadelphia and its land management program. There is an international design competition being put into place regarding vacant land, most of the land that's in North Philadelphia and along the river wards, et cetera, but you don't see that diversity in these meetings. So I would encourage you to encourage the folks you give money to to reach out and truly be inclusive.

In closing, regarding the Housing Trust, I just again would reiterate that I would like to have some support from those members that are pushing the Housing Trust. Help us reduce demolition, especially on our stable blocks. We have affordable housing in those blocks and our neighborhoods are definitely affordable.

In addition, prevention of what

we're dealing with right now is important. There's no money in this Housing Trust Fund to deal with tangled deeds and titles. It's a very important and very much a reason why we have the vacancy and abandonment that we do. So I would suggest that some of that money be taken from demolition and put into the area to support people with tangled titles and deeds.

In addition, I would encourage you all to make sure, the district Councilpeople, to make sure that this board, this Housing Trust Oversight Board, includes people where the vacant land is and where affordable housing is needed. So often people that do not live in these conditions are the ones making decisions. I contend decisions --

(Applause.)

MS. ROBINSON: -- would be better made and some of this mess would be cleared up if the people that live in the communities would have the dollars to make those decisions.

I thank you very much for the time.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much, Ms. Robinson.

MR. McPHERSON: The next witnesses are the Girard Avenue Coalition.

COUNCILWOMAN BLACKWELL: After the Girard Avenue Coalition?

MR. McPHERSON: Tracey Gordon and then Andrea Torres.

MR. KERN: Good afternoon. My name is Roger Kern. I'm the Corridor Manager for the Girard Avenue Coalition. The Girard Avenue Coalition, Incorporated is a group of more than 50 organizations, four separate business organizations located along Girard Avenue from I-95 to 33rd Street. We have been working for the past two years to develop a plan for the revitalization of Girard Avenue. We feel it vital that we come today to speak in support the Commercial Corridor Support project, because we feel that where jobs are created is a long the commercial corridors and the neighborhoods. It's the small neighborhood development activity that will generate the improvements to the quality of life for the citizens of Philadelphia.

When we look at where jobs are actually created, you see some hotels, you see some large-scale development activities around the City of Philadelphia, but where actual wealth is created, where actual jobs are created, that is taking place on the various commercial corridors around the City of Philadelphia.

We feel that for a minimum amount of money that is provided in the NTI budget, the commercial corridors will be able to leverage vital dollars from the federal, state and other private resources. We use ourselves as an example of what can be done in terms of leveraging dollars from other sources. Of the more than $2 million worth of site improvement work to be done on Girard Avenue, most of that is in dollars leveraged from federal and state dollars.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

MS. PETERSON-MAGMAN: Good

afternoon, Council President, members of Council. Thank you for this opportunity. My name is Cecily Peterson-Magman. I am the Director of the Avenue Project for Mount Airy USA.

Mount Airy USA is a community development corporation serving the Mount Airy community through programs and real estate development, housing counseling, youth career development and commercial corridor revitalization. Like Roger Kern, I am the Business District Manager. I work with business recruitment and retention, working closely with the business association.

Mount Airy USA supports the use of the FY06 proposed NTI budget for commercial corridors. These funds will enable us to continue our work along the Germantown Avenue commercial corridor, including streetscape improvements, facade improvements and the elimination of blight.

Mount Airy USA was recently awarded a matching grant of close to $1 million from PennDot for home town streets. If allowed access to the NTI monies, Mount Airy USA will be able to match the home town street funding and leverage other monies, as Roger said, with local dollars, which will allow us to implement greatly needed streetscape improvements, including pedestrian lighting, attractive trash receptacles, et cetera.

NTI funding will also allow Mount Airy USA to continue awarding facade improvement grants to our merchants, storefronts who seek to create more attractive storefronts, which will attract new business and generate greater revenue. This money will supplement monies provided by the Local Initiative Support Corporation and allow us to help additional small businesses who otherwise would not be able to afford storefront improvements.

Vibrant commercial corridors contribute to healthy neighborhoods and a healthy quality of life. Mount Airy USA, through its commercial corridor revitalization efforts, has had the resulting significant impact on our community. They include 30 new businesses over the past two and a half years, an average of one new business per month, creating approximately 175 total new jobs; $25 million in new capital investment, an average 15 percent increase in revenues for area restaurants following the release of the Restaurant Directory; and a 150 percent increase in average property values along Germantown Avenue.

Accordingly, our efforts and the efforts of local community development corporations add directly to the City's tax base and increase revenues through wage taxes, real estate taxes, net profits, use and occupancy and more.

In conclusion, Mount Airy USA respectfully requests your favorable resolution of proposed Ordinance 050388, which will fund programs like ours designed to improve the physical appearance of our commercial corridors and, in turn, improve the quality of life of our residents.

Thank you again for the opportunity to present this testimony before Council.

COUNCIL PRESIDENT VERNA: Good afternoon. Thank you for your patience. Please identify yourself for the record.

MR. GUITERREZ: Yes. Madam President, good afternoon, Madam Chair, Councilmembers. My name is Juan Guiterrez. I am the Business District Manager for the Hispanic Association of Contractors and Enterprises known HACE.

El Centro de Oro is alive and thriving right now, much thanks to the help of Councilman Mariano's office, State Representative Angel Cruz's, LISC and the Commerce Department.

Recently HACE was awarded $2 million from the Governor's office matching grant, as well as a $1 million PennDOT grant to do some capital improvements, long needed in El Centro De Oro.

We have acquired and established a heritage plan strategy that has helped revive and has helped in the recovery of the El Centro de Oro. I'm here today to advocate for support of the NTI Commercial Corridor Support program, because as Ms. Smith noted earlier in her testimony, some of those monies can be used to leverage other monies to complete our $4 million project that we're looking to complete.

Like all my colleagues up here today, it is very important because it also becomes an issue of a quality of life issue for our community, a proper place where they can buy shoes for their kids, jobs from within the community. HACE has been involved in many of those things. Recently we did an Aramark project and created 25 new jobs in that area.

So HACE is asking you to please take into consideration and support this NTI initiative.

Thank you.

COUNCIL PRESIDENT VERNA: You're welcome. Thank you very much.

Good afternoon. Thank you for your patience. Please identify yourself for the record.

MS. GORDON: Good afternoon, Madam President. My name is Tracey Gordon.

I'm with Concerned Citizens for the Preservation of Southwest Philly. I'm also a block captain on the 6500 block of Windsor Avenue.

Having been a block captain for over six years, in the first year our block was nominated Philadelphia's most beautiful block. So I am a stakeholder in what I'm about to talk about today. Also, good afternoon for the Councilpeople here.

I just want to show -- and I also want to thank you, Madam President, because last week I sent a notice to you, a notice to Kevin Hanna from Housing Preservation, Pat Smith of NTI, and I got an immediate response from you. We met. So basically what I'm getting ready to put on record, you already took care of. You sent the appropriate parties out there to do the proper investigation, but in support of your testimony and in support of some of the questions you asked, I felt it was necessary that we put this on document of what went on in the second councilmanic district, which is the Kingsessing area. And although we can't put these pictures on record, I just want to show members of NTI, Pat Smith and Kevin Hanna, pictures that I attempted to fax them, and this is how the demolition area was left in this particular community.

This is a picture of a neighbor where her steps was damaged. And it's supposed to be a roof on top of here, a roof over here. They collapsed. And this is several properties that it happened on.

COUNCIL PRESIDENT VERNA: Tracey, I think Mr. Hanna is sitting right in the front row there, so perhaps you could just pass him the photos. But aren't those complaints being addressed?

MS. GORDON: Well, not really, because this one is an imminent dangerous abandoned house that was left on the corner. So this should have been addressed the hour after I left your house, because a child lives next door and this is an abandoned property on the corner of 60th and Upland, where no doors, no steps and all this debris that was left there during the demolition and after it, and this is how all the green lots looked.

COUNCIL PRESIDENT VERNA: I think the Commissioner of L&I is here. I don't know if you were out in the community last week if you in fact saw this vacant structure and made any determination if it is --

MS. GORDON: No. He wasn't there.

COUNCIL PRESIDENT VERNA: -- structurally unsafe.

MS. GORDON: Yes and --

COUNCIL PRESIDENT VERNA: Just a moment, please. Let's address one issue at a time.

Now, the corner property's address is what?

MS. GORDON: This is on the corner of 61st and Upland, but actually, the street is 60th and Upland and 60th and Reinhard. And he wasn't there, but Tumar was there.

COUNCIL PRESIDENT VERNA:

Tumar, since you were there, can somebody address this issue? Was it found to be structurally unsafe? If so, when will it be demolished?

MR. ALEXANDER: Good afternoon, Councilwoman.

As a result of our walk --

COUNCIL PRESIDENT VERNA: Tumar, you're going to have to identify yourself.

MR. ALEXANDER: Tumar Alexander, Assistant Managing Director.

As a result of our walking into Ms. Gordon and the residents of the block, we did identify about five or six buildings that for reasons -- whatever reason, was left off of the demolition package. The house that's in question was a house that the owner actually pulled a permit and attempted to fix up, but he just abandoned and left. We're adding that to your existing Grays Ferry package. So hopefully we should be out there within the next two weeks to tear that down. We expressed that to the residents who expressed their gratification for it.

COUNCIL PRESIDENT VERNA: Thank you.

MR. SOLVIBILE: Council President, the pulling of permits happens frequently when we -- people, owners, lose interest and then as soon as they know that we're interested, they say, Okay, I'm going to stop the demolition to get a permit. And then we follow up on the permit, void it and start the process over again.

COUNCIL PRESIDENT VERNA: Fine. Thank you very much.

MS. GORDON: And I had copies of this. I just did little small bullets. And, yes, Madam President, as you directed, Risk Management came out, somebody from L&I, but it wasn't this gentleman. Tumar came out and over 50 to 60 neighbors came out, and one of the things that they left this three-block radius -- and I didn't get a chance to take pictures of the whole Kingsessing area. I would like that whole area to be reexamined. But they left it so unsafe and unhealthy. For children to have to wake up in the morning and walk by these houses on a daily basis, that's the unhealthy mentally part.

COUNCIL PRESIDENT VERNA: Are you talking about the houses that have been demolished or those that are presently vacant?

MS. GORDON: The ones in the picture that are presently vacant. It's just something mentally for any child to have to wake up to go to school and to walk by that every day and just to think that you just going to have a healthy life and you live in a healthy environment. And I'm saying that in the three to four months that the demolition was out there, L&I was out there, and there's no way in the world L&I should have been able to cite this person and clean the stuff up.

Also, in our vacant lots in our particular areas -- and the reason why I was so astounded by it is because when I come up North Philly along the Ridge Avenue corridor, I see green space, but in our lots around the Kingsessing area, there's nothing. It's only but rocks. They left rocks, jagged edges, pipes. They left all kinds of debris. I mean --

COUNCIL PRESIDENT VERNA: Tracey, I am led to believe that after that tour, it was explained that the ground had to level off. It would be -- what did they put, top dirt, and then they seed it.

MS. GORDON: But they didn't put top dirt on it because it's all rocks and jagged edges.

COUNCIL PRESIDENT VERNA: Tumar, please, I hate to impose on you, but you were out there. Can you tell us when the ground will be cleaned, leveled, seeded?

MR. ALEXANDER: Yes, Council President. The lots we looked at, there was some debris from -- it could be from short dumping, it could be just regular litter. We promised we would clean that up. What we also promised was that we would resoil, re-top soil all the existing lots, re-grass seed all the existing lots, and hopefully that grass will grow and that grass will come up. And we explained the whole process of having the land stabilized, having -- we explained that to the residents.

COUNCIL PRESIDENT VERNA: Are you going to do fencing?

MR. ALEXANDER: Yes. And we explained that to Tracey also. The lots in question along Ridge Avenue, what I tried to explained to Tracey was that we're talking about two different things. She's talking about a lot that -- the lots that we've created in Kingsessing were lots where pre-existing buildings. The lots along Ridge Avenue was all vacant lots that's been vacant for the last five or ten years that we stabilized and came up and kind of did a treatment to. So it's kind of two different things, and we tried to explain that to her.

COUNCIL PRESIDENT VERNA: But I have seen lots that homes have been demolished and they look lovely now. They're seeded, the grass is growing, and there are fences that have been erected. So when do you think this will be accomplished in the area that Tracey is --

MR. ALEXANDER: It's all starting around the same time. We asked the contractor. We're using the same contractor that was out there doing the work, so they're going to come in and redo that. So within that same two-week time frame. The same folks that's going to do that are the same folks that's going to be doing the existing five or six demolitions in that three-block radius.

COUNCIL PRESIDENT VERNA: Fine. Thank you. Thank you very much, Tumar.

MS. GORDON: And also what I put on here is follow-up, because this is what happened: Like on that particular block, I say it's about 50 houses and now it's only 17. So what's happening is because they didn't tar-proof it, the neighbors have pictures where their basements are totally flooded. And then we got into an argument with Hill International over, Well, we just supposed to damp-proof, not waterproof. Not damp-proof, waterproof. So I'm saying Damp-proof, waterproof? And the lady shows a picture with water up to her hip. And this is what's happening, because now it's only 17 houses.

So even as it settled, if you didn't tar the property, if you didn't tar it first and then put -- they didn't tar it. And then he start arguing over damp-proof. So when he got to that point, the risk managers that was out there just started giving out claim forms and said they'll be back, because they just couldn't believe -- then like most of they roofs -- see, she's standing out here with no roof. This is not how it was built. A lot of they roofs just collapsed as a result of them demolishing the building. So that's claims there.

But also another thing that I didn't really like that happened to that particular neighborhood was if Risk Management came out as a result of me, who don't live on the block, hollering and screaming to get them out claims forms and it's supposed to be somebody there the City of Philadelphia is paying to do the follow-up, then how in the world -- if I had not came out here, maybe these people would have just gave up and not gotten their claims money in.

In closing, I wanted to say, Madam President, on the Philadelphia green with Michael Groman, I noticed in his projected fiscal year, our particular area, Kingsessing and Southwest, we didn't get none of the $6 million that the City promised for -- it's called land stabilization. And I looked through here and although it's a few of them in West Philly, it's nowhere near your area in Southwest. And Tumar said today for the record that he was going to try to see if he can get us -- so at least with this particular neighborhood, we know these people are poor and depressed and we know that it's the inner city, but all I'm saying is, my property value has doubled. The homes on my block are going for 80,000 to 100,000. The only thing that separates my home and my block is a cemetery, and I'm saying that in the future, the City of Philadelphia needs to be a little bit more responsible with the good neighbors, the people that's trying to keep up they properties. And to leave this area like this and the only thing that's viable and making money is the Stop and Go on the corner of Reinhard, and these little kids -- like this little girl living right here, for her to have to wake up every day and walk past this is an absolute disgrace for the City of Philadelphia.

And I know that we got promises, promises, but I felt after Tumar and L&I came out -- this right here, this is an abandoned building. It's on the corner. It's an anchor that NTI had the nerve to build a fence around all this and left this debris here, because that debris was here when they first came. For them to leave this dangerous, unsafe place there and you have a toddler that lives right here, where right here they supposed to have put a fence and everything -- nobody in the community knew of any of these rules, and the only reason why I knew of the rules, what Hill International was supposed to have done for, I think it's, close to $10 million that they was awarded for this area and they got they money is, I'm trying to figure out how in the world could anybody that is a human being walk away and leave an area like this.

I want to close with this: NTI has not made this neighborhood better, but had made it worse, not only for the people that live on the blocks but the stable homeowners in the surrounding neighborhoods. We ask for immediate investment and a plan to make this area better.

We have asked the Managing Director could he find some money to make improvements to the lots via PA Horticultural Society. We asked them to partner with the residents and assist and educate them on how to make the most out of a block that now has large parcels of vacant land and how they can live around this positively.

The only way we're going to have our kids grow up and feel like they are human beings and feel like life is worth living is for the NTI project that got paid close to $10 million to come back immediately in that area and fix the things they did and make these neighbors feel like life is worth living.

Thank you.

(Applause.)

COUNCIL PRESIDENT VERNA: So nice seeing you. Welcome.

MR. TOY: Good afternoon, and thanks for your patience, everyone's patience here. I'll try to speak quickly, get it over with me.

My name is Andrew Toy and I am here from the Philadelphia Office of Local Initiative Support Corporation, or LISC, and I'm here to express our support for the FY06 NTI budget.

In particular, I manage the Philadelphia Commercial Corridor Redevelopment initiative and I'm here to support the 2 million plus targeted towards neighborhood commercial corridor support.

Over the past three years, LISC has partnered with the City, community development corporations and others to focus upon nine neighborhood commercial districts, including some represented here today. LISC has strategically invested over $1.5 million in that time, and we have brought a structure and strategy to catalyze change.

We are seeing and measuring real results in places like Mount Airy, 5th and Lehigh, Ogontz Avenue, Lancaster Avenue and Baltimore Avenue. With the City, we have brought state mainstay funding to the table this year.

LISC's effort and the NTI budget recognize that vibrant commercial corridors that provide neighborhood goods, services and jobs, like good schools, safe streets and affordable housing are essential to healthy communities. We are especially proud of our partnership with the Empowerment Zone in support of the Girard Avenue Coalition. By leveraging city, state, non-profit and, importantly, private resources, we are showing that we can create impact and attract new investment. But there's much more we can accomplish if we can properly leverage and invest these additional resources.

With our knowledge and a successful initiative already in place, LISC is ready, willing and able to offer our assistance in helping to identify ways and places to best invest these resources.

Thank you again for the opportunity to speak in support of this important new funding allocation.

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you for your patience.

I'm sorry. Councilman Cohen, did you want to be recognized?

Councilman Cohen, we can't hear you.

COUNCILMAN COHEN: I wanted to know the group you represent.

MR. TOY: The group I represent? LISC, Local Initiative Support Corporation.

COUNCILMAN COHEN: How is it financed?

MR. TOY: We're a non-profit that funds other community development organizations. We have resources, national resources, that we bring to the local level, and we leverage that with local and state funding.

COUNCILMAN COHEN: Well, we would appreciate as much as you can bring to Philadelphia.

MR. TOY: We're trying.

COUNCILMAN COHEN: Very good. Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much.

Do we have anyone else to testify on the NTI resolution?

Please approach the witness table, identify yourself for the record and proceed with your testimony. Good afternoon.

MS. KLEIN: Good afternoon. My name is Susan Klein. I'm from the Philadelphia Corporation for Aging. And in lots of ways, I really want to testify on all three subjects, because they're so interrelated.

NTI is one source of funding. Whatever program you talk about, if you're talking about housing needs for low-income people, elders, people with disabilities, every program we have has high needs and not enough resources. And I do want to support the Housing Trust Fund, because that's a wonderful way of increasing the pie that we all need to use.

PCA, the Philadelphia Corporation for Aging, gets funding for two different programs where we provide home repairs and modifications. One is the Sharp program, and this year we're doing about 750 people, but we're only able to provide about $1,400 worth of repairs and $600 worth of modifications. We receive $325,000 from the City, and we certainly would love more, but we appreciate what we can get for this program.

My main focus, of course, is the Adaptive Modification program, and in the previous couple of years, we were funded at $5 million and this year we're funded at 2.7.

One of the important aspects of this is, 1.4 million is coming out of CDBG. That means if you have -- which means that some of those funds are going to have to be used for construction. If you have one dollar of CDBG in construction, you have to address lead-based paint.

What that means is with 2.7 million if we switched $800,000 and used $800,000 in the construction line, it would allow us to do 109 jobs. If we had to address lead-based paint for the same amount of money, we could do 76 jobs. If we rejected $800,000 and didn't use it, we could do 66 jobs. Therefore, for basically an increase of ten jobs, it's costing the City $800,000 rather than our average of 11,700.

One of the benefits of the Housing Trust is that there are no HUD restrictions on those funds. There are no lead-based paint restrictions on the NTI funds. What we're requesting not only is the increase but the more appropriate use of these funds so that we can get the best bang for the dollar.

So I would like to thank you for the support of the Adaptive Mod program, but we urge you to restore full funding and that the funding not be used -- not use CDBG for any of the construction lines.

I did mention the overwhelming needs

and how important the Housing Trust is. I also want to mention certainly our desire to reintroduce -- for you to reintroduce to pass the visitability ordinance. It's very important that what we build does not create the same problems.

(Applause.)

MS. KLEIN: One thing I want to mention, this is probably not something that you work with every day and is sort of tangential. We have something -- Liberty Resources and PCA work together on something called the Nursing Home Transition Initiative, and what this program does -- and there are similar programs throughout the Commonwealth -- it helps people who are in nursing homes, like the Philadelphia nursing home, transition to their own home of their choice.

We currently have 49 people who are ready to leave and who want to leave nursing homes throughout the area, but we can't find accessible, affordable housing for them. The cost of the private rate of a nursing home is roughly $5,800 a month. The cost and the transition of the people that we've already gotten out is less than a thousand. If we had these 49 people in --

COUNCIL PRESIDENT VERNA: You have to explain that in a little more detail. Are they going back to their own homes?

MS. KLEIN: They're going back to a home. Some of them are their own homes, some are a new rental unit. There is money for transition. What it means is leaving their home for a different type of housing of their choice.

If we have these 49 people in their own place, we would be saving over $325,500 a month. And it is, again, how can we best utilize funds. One of the things we really need to do is sit down with the people that have the units, including the Philadelphia Housing Authority, to make sure that we can best utilize both housing and services to serve people in the area and the place that they want to be served.

Thank you very much.

COUNCIL PRESIDENT VERNA: You're welcome.

(Applause.)

MS. SJOGREN: My name is Kaki Sjogren and I am a Co-Chair of the Philadelphia Affordable Housing Coalition.

COUNCIL PRESIDENT VERNA: Yes, Councilman.

COUNCILMAN COHEN: Do I have the floor?

COUNCIL PRESIDENT VERNA: I think someone was speaking. Did you want to address the woman that just testified?

COUNCILMAN COHEN: I'd like to ask a question.

COUNCIL PRESIDENT VERNA: All right. Of the speaker that we just heard from?

COUNCILMAN COHEN: No. It may be of you. I'd like to know whether your proposals have been submitted to the Mayor through the Administration? It's called the Mayor. Has he heard your proposals of what has been, and what has been his reaction?

Does anybody here know that answer? I'm sorry. The question may have been asked and answered, but I had to leave the room before. Does anybody here know, has the Mayor heard of this program and what is his response to it?

MS. KLEIN: Are you talking about the --

COUNCILMAN COHEN: The Housing Trust.

MS. KLEIN: The Housing Trust.

COUNCILWOMAN BLACKWELL: Councilman --

COUNCIL PRESIDENT VERNA: Councilman, this isn't the hearing. I think the Executive Director for the Philadelphia Corporation of Aging testified.

But while you're there, with respect to the $5 million in Year 30 funds, is it true that PCA has not yet entered into a contract for the existing $5 million for adaptive modifications?

MS. KLEIN: That's true. That does not mean that we haven't done any work on it.

COUNCIL PRESIDENT VERNA: Well, do we just have $5 million sit --

MS. KLEIN: No, no, no.

COUNCILMAN COHEN: Taking money from the NTI program to serve the community, has the Mayor been apprised on that subject; does anyone know?

MS. KLEIN: I don't know.

COUNCIL PRESIDENT VERNA: Which subject?

COUNCILMAN COHEN: Anybody in the audience know?

COUNCIL PRESIDENT VERNA: I'm sorry. Which subject are you referring to, Councilman?

COUNCILMAN COHEN: What's that?

COUNCIL PRESIDENT VERNA: What subject are you referring to?

COUNCILMAN COHEN: I'm referring to the subject of taking money from NTI and using it for the various purposes requested here. People have made various recommendations with respect to taking money from NTI funding. They seem to be fully in agreement for the purposes of NTI, and I'm trying to find out what was the Mayor's reaction.

COUNCILWOMAN BLACKWELL: Councilman, if I might respond. Councilman Cohen?

COUNCILMAN COHEN: Yes.

COUNCILWOMAN BLACKWELL: We have heard testimony this afternoon in that regard. The NTI committee hearing will be continued and then we'll go to the CDBG and the Housing Trust Fund, but during that interim, we have a couple days in order to discuss it, to come up with any amendments we deem appropriate and to talk with the Administration.

So we have heard that. We've heard your call and we've heard most people seem to want $5 million to go into Housing Prevention. And so we've heard that. I think the question is from where we take it and that sort of thing and if we can -- certainly we'll appeal to the Administration to consider that.

So we have to come up with

amendments, and I think that we need to jointly work on that before we meet at our next hearing, and at that time, the President has asked for some information and we'll ask them to come back with the district-wide information and that sort of thing. So the President talked about recessing until the 6th and that will get us time to get what we need to get done.

COUNCILMAN COHEN: All right.

COUNCIL PRESIDENT VERNA: If I may, the $5 million, can we get back to the $5 million and the contract? I think this was approved last July.

MS. KLEIN: Well, let me just now --

COUNCIL PRESIDENT VERNA: We're now entering a new fiscal year. Why haven't we gotten a contract?

MS. KLEIN: I know that recently, within the last ten days, the contract has come to us. We're in discussion, but that doesn't mean that we haven't -- once we have a commitment, a letter of commitment, and sort of that this is a part of the program, we have been committing those funds. We haven't billed under it.

COUNCIL PRESIDENT VERNA: I'm sorry. I didn't hear you.

MS. KLEIN: We have been committing those funds. So it is not $5 million sitting out there. Those funds will be totally committed by September.

COUNCIL PRESIDENT VERNA: Councilwoman Blackwell is saying committed where.

MS. KLEIN: By committed, it means a purchase order. A purchase order means that there is a person identified and enrolled and there is -- it is a house and --

COUNCIL PRESIDENT VERNA: So individuals that you're talking about for the Adaptive Modification?

MS. KLEIN: Oh, yeah. I mean, the construction money is, as I said, by September, we'll have totally committed the funds, which means that some of the work will have already been done, but all of the work, all of the construction, will be committed by then. So it's not like we're sitting there waiting for a contract. We constantly are rolling over and doing the work.

COUNCIL PRESIDENT VERNA: I'm sorry, Councilwoman.

COUNCILWOMAN BLACKWELL: Certainly.

We would like to know where the dollars are spent, and I'm sorry I stepped out a moment when you mentioned PHA. But PHA has adaptive modified homes and I've been in their board -- their meetings where individuals have asked for and talked about handicapped-accessible housing or visitability and that sort of thing, and PHA has units that are always available. People mention PHA, but I frankly don't understand why, because they have available units for the handicapped.

MS. KLEIN: We have people ready to go into those units.

COUNCILWOMAN BLACKWELL: All right. And we would like information if it's the general public or where the funds you talk about are accessed, where people live who receive them.

MS. KLEIN: Are you talking about -- I'm sorry. Are we back to the Adaptive Mod program?

COUNCILWOMAN BLACKWELL: We're back to the Adaptive Mod.

MS. KLEIN: Okay. We certainly would be happy to share that. We sent on a monthly basis councilmanic district to PHDC, who is the group that we have -- I mean the agency that we have our contract with, and we send them reports monthly.

COUNCILWOMAN BLACKWELL: PHDC, we know Mr. McIntosh is here. It's up to the President whether or not he comes forward, but they're saying that they have a contract with PHDC and PHDC knows where these units are. So we will ask that someone make that information available to the Chair to dispense to the various Councilpersons.

MS. KLEIN: We do a monthly report that has a list of every census track in councilmanic district.

COUNCIL PRESIDENT VERNA: As we're talking about this, I'm thinking of Greater Grays Ferry Estates, which has a beautiful senior complex, and it's my understanding and apparently you're nodding your head, so you're familiar with it, and they have Dr. Flowers from Saint Agnes hospital who apparently has an entire program there. So I think that --

MS. KLEIN: The Life program?

COUNCIL PRESIDENT VERNA: Yes. So I think these are locations where I think that many of the people that you're talking about, the 45 that are on a waiting list now, could possibly be housed.

MS. KLEIN: I think we need to better set up a communication process in order to make that happen, and I'll be happy to call whoever's office you would like so we can begin a discussion about how better to serve the people in the community and, more appropriately, have the people in the units that they need.

COUNCILWOMAN BLACKWELL: Yes,

because we really don't understand the backlog you speak of, because we keep hearing there are vacancies and vacancies not being taken advantage of. So I don't know where the problem is, and we want to be helpful in rectifying it. As you know, all new units have some -- every new development with government funding, as you know, has to have special needs, and so we want to make sure that special needs are dealt with. But I don't know where the disconnect is or where your needs are.

MS. KLEIN: I don't know either, but I am thrilled that we'll be able to sit down and work with the transition unit and find a way to better connect housing and services.

COUNCILWOMAN BLACKWELL: Thank you.

COUNCIL PRESIDENT VERNA: I think that -- and I guess I'm taking advantage of my colleague, but Councilwoman Blackwell is on the Board of Directors of PHA and I see some of the beautiful units that have been newly constructed, and I don't see why we should have 45 people waiting on a list to be transferred into housing where they would have appropriate housing and I think the appropriate medical attention. So I would suggest --

COUNCILWOMAN BLACKWELL: Yes. We really do have a disconnect, and my office is telling me the seniors who contact us about the program don't feel that that's an area where they're able to access support. So I don't know, nor does PHDC say there is a contract. So we need to further maybe meet in a private setting and discuss what you're talking about, because we really don't understand where the problem is and why we have 45 people who need housing and it appears to us that we may have it and it not be accessed.

MS. KLEIN: Those are all seniors. So I know that there are probably more. So I'm thrilled to be able to meet with you and to discuss that.

COUNCILWOMAN BLACKWELL: Thank

you.

MS. KLEIN: Thank you.

COUNCIL PRESIDENT VERNA: Good afternoon. Are you going to be testifying on NTI?

MS. SJOGREN: Yes.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record and proceed with your testimony.

MS. SJOGREN: Thank you. I'm Kaki Sjogren and I am a Co-Chair of the Philadelphia Affordable Housing Coalition, and I'm testifying on the matter of the Homelessness Prevention program. I have heard my colleagues give you much testimony, statistics and the like, which seems as if it's had a positive impact. We are indeed of the mind that evidence shows we should be expanding this program rather than contracting it, and OESS has chosen to de-fund it completely in the last year. The $2 million that OESS was using to run the program was providing counseling for 14,000 people, for families actually, and grants for 2,000 families.

Obviously the cost of folks not getting that help are to be found in the budgets of our police departments, of our healthcare system, of our court system. They're hidden costs, as are the folks who need these funds. We call them the hidden homeless.

I appreciated Councilman Cohen's question, and I should like to say that we as a coalition have been negotiating. We've spoken with Kevin Hanna, and we are hopeful that indeed NTI monies that are now in the line items that are labeled Residential Demolition and Equitable Development Strategy will contain monies that can be used to plug up the hole, so to speak, to provide Homelessness Prevention program and also to provide Basic Systems Repair program. We are hopeful that there's money there also for Adaptive Mod.

And I want to remind Council that we're knowledgeable that the real estate transfer tax has produced a $20 million surplus and it seems more than reasonable that monies from that sector ought to be used to provide basic needs for the least among us.

Thank you for your time.

(Applause.)

COUNCIL PRESIDENT VERNA: Thank you very much.

Good afternoon. Please identify yourself for the record.

MS. ESBENSEN: Yes. My name is Jean Esbensen. I'm from the Mayfair Community Development Corporation and I'm the community advocate.

As a life-long resident of the Northeast community of Mayfair and as the community advocate for the Mayfair CDC, I represent 26,350 people living in our community. Mayfair is a transitional neighborhood with the greatest number of residents. That's 9,402 people being of the age -- between the ages of 20 to 44, and they should be able to purchase a home in the neighborhood where they grew up.

Every week someone calls me

requesting assistance in obtaining new living quarters. Unfortunately, there are no new homes that are being built that would provide these people with affordable housing. Many other residents who call are senior citizens who have lived in the Mayfair area over 40 years and want to remain in the area. However, due to the aging process, they can no longer navigate steps or take care of their homes. They too require living quarters that will accommodate their needs and enable them to age in place.

Last, but not least, as the residents and the buildings themselves age, this presents its own problem. That is, homes and buildings that have deteriorated, thereby eating away at the very fabric of the neighborhood. As I see it, the Housing Trust Fund and the NTI will address the three key elements needed in the Mayfair community and most likely throughout the City. One, provide affordable housing to those in need, especially new home buyers, senior citizens and the disabled.

Two, make needed repairs to existing homes, to help maintain the structures and prevent deterioration of the neighborhood. The Mayfair CDC is hoping to start a pilot program to match funds, if at all possible, provided by these programs to prevent further deterioration within the neighborhood.

Three, foster economic growth and development within each community that would provide local access to goods, services and, in particular, employment. We strongly support the Commercial Corridor Support program that would foster a working partnership with the City and the CDCs.

And, again, I thank you and hope that you provide support for the NTI and the Housing Trust Fund. Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much.

(Applause.)

COUNCIL PRESIDENT VERNA: I would just like to announce that Resolution No. 050388 will be continued until Monday, June the 6th at 2:00 p.m. Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

(Public Hearing of Committee of the Whole and Housing, Neighborhood Development and the Homeless adjourned at 5:10 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on June 1, 2005, and that this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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

COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING - COMMITTEE ON HOUSING,

NEIGHBORHOOD DEVELOPMENT AND THE HOMELESS

- - -

Room 400, City Hall

Philadelphia, Pennsylvania

Wednesday, June 1, 2005, 5:10 p.m.

Bills 050059 and 050294

PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
COUNCILMAN JUAN F. RAMOS
COUNCILMAN DAVID COHEN
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN RICHARD T. MARIANO
COUNCILMAN DARRELL L. CLARKE
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MICHAEL A. NUTTER

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COUNCILWOMAN BLACKWELL: We are now going to enter into the discussion on the Housing Trust Fund and the Community Development Block Grant applications. We will ask the clerk to read the title.

THE CLERK: Bill No. 050059, an Ordinance adding Chapter 21-1600 of The Philadelphia Code, entitled "Housing Trust Fund," to create the Philadelphia Housing Trust Fund and establish the purposes for which monies in the fund may be used; creating ongoing funding for the fund by amending Section 10-1001 of The Philadelphia Code, entitled "Fees of Commissioner of Records," by increasing certain fees for the recording of deeds and mortgages and related documents; and calling for the creation of the Housing Trust Fund Oversight Board; all under certain terms and conditions.

COUNCILWOMAN BLACKWELL: Excuse me one moment. Before you read the title of the second bill, the Chair notes that a quorum is present. To my right, of course, is our Council President, Councilman Rick Mariano, Councilman David Cohen, Councilman Juan Ramos are here. We do have a quorum. Thank you.

Would you read the title of the second bill.

THE CLERK: Bill No. 050294, an Ordinance authorizing the Director of Housing and Community Development (Housing Director), on behalf of the City, to file applications with the United States Department of Housing and Urban Development for a Community Development Block Grant; authorizing the Housing Director to file applications with HUD to participate in the HOME Investment Partnership program and the Emergency Shelter Grant program; authorizing the Housing Director, on behalf of the City, to file an application with HUD for a Housing Opportunities for Persons with AIDS (HOPWA) grant; authorizing the Housing Director, on behalf of the City, to file an application or applications to obtain grants from the Commonwealth of Pennsylvania, under the Act of April 12, 1956, P.L. 1449, Section 4, as amended, to prevent and eliminate blight;

authorizing the Director of Commerce to use the Section 108 Loan Guarantee Program; and authorizing the Housing Director and the Director of Commerce to enter into all understandings and assurances contained in such applications and take all necessary action to accept the grants, all under certain terms and conditions.

COUNCILWOMAN BLACKWELL: Thank you very much. We will now ask Mr. Kevin Hanna, Secretary of Neighborhood Preservation, and we have Deborah McColloch, Director of the Office of Housing and Community Development, and Pat Smith, Director of Neighborhood Transformation Initiative.

MR. HANNA: Good evening. My name is Kevin Hann, Secretary of Housing and Neighborhood Preservation for the City of Philadelphia, and I am here today to testify on behalf of the Administration on Bill No. 050294, which are permits the City to apply for the federal Community Development Block Grant, otherwise known as CDBG, HOME Investment Partnership Funds, Emergency

Shelter Grant, otherwise known as ESG, Housing Opportunities for Persons with AIDS, HOPWA, Funds and for state funds from the Department of Community and Economic Development.

The bill refers to Year 31 consolidated plan, which will be submitted to the U.S. Department of Housing and Urban Development and which details our proposal for spending these and other related funds for affordable housing and other activities.

The City is required to submit to HUD a consolidated plan, which combines the formerly separate CDBG Final Plan and Statement, the HOME Program Description, the Emergency Shelter Grant application, the HOPWA application and the Comprehensive Housing Affordability Strategy.

With me again are Deborah McColloch, Director of Housing. In the audience is also Tony McIntosh, Executive Vice-President of the Philadelphia Housing Development Corporation; Herb Wetzel, the Executive Director of the Philadelphia Redevelopment Authority, as well as Pat Smith, the Director of NTI.

In the audience also are members of the Commerce Department who will be available to answer specific questions related to their funding.

The Consolidated Plan also incorporates spending proposed for the fourth year of the Neighborhood Transformation Initiative, the Mayor's Anti-Blight Initiative, which is funded with bond proceeds.

The Year 31 Consolidated Plan for the fiscal year which begins July 1st, 2005 details our plan for spending monies from five primary federal sources. The proposed budget carries forward existing programs and commitments to reinforce NTI activities. The first source of federal funds is the Community Development Block Grant, which is still the largest single source of funding for affordable housing, aside from subsidies, which the Philadelphia Housing Authority receives directly from HUD.

In Year 31, the City will receive $59.722 million in new entitlement funding.

That's a reduction of $3.345 million from Year 30, or roughly five percent. Other Block Grant-related resources include program income such as from the sale of land and prior years reprogram funds, which are funds which could be liquidated for prior years' budgeted activities.

Overall, the total Block Grant resources which are available for fiscal year 2006 are $72,678,000, or $3.718 million less than in fiscal year 2005.

The proposed Year 31 Consolidated Plan builds upon initiatives and programs from prior years, consistent with NTI's housing development strategies. Year 31 is again the fourth year of implementation of the NTI program. Housing development is integrated into the overall NTI strategy and housing production activities are organized to reflect the housing development categories associated with NTI.

NTI bond funds will be used not only for demolition, but also be used to continue support for the Settlement Assistance program, for the Basic Systems Repair program, for rental housing development, for the PHIL Loan program and for the Adaptive Modifications program.

While the City will receive five percent less CDBG funding, the Year 31 Consolidated Plan maintains and in fact expands the Office of Housing's commitment to several key housing production programs. Within the CDBG budget, continued funding is proposed for for-sale housing, including both new construction and rehabilitation. Continued funding is also proposed for rental ventures financed in conjunction with the Low-Income Housing Tax Credit and special needs housing to assist the homeless and those with other special needs.

In addition, homeownership and rental housing production are proposed for additional funding using state Housing and Redevelopment Assistance funds, proceeds from the proposed Housing Trust Fund and NTI bond proceeds. Including all proposed sources of funds, the budget for affordable homeownership development will actually increase from just under 6 and a half million dollars in fiscal year 2005 to just over $10.3 million in fiscal year 2006. Similarly, the budget for affordable rental housing will increase from just under $14 million in fiscal year 2005 to just over $17 and a half million in fiscal year 2006.

The reduction in CDBG funding has forced difficult choices among competing and otherwise worthwhile initiatives and programs. Community Economic Development activities have been reduced by $1.25 million. At the same time, we will meet the requirement of City Council Bill No. 000716, which mandates that at least five percent of Block Grant funds be spent on economic development activities by community development corporations.

In addition, NTI bond proceeds of $2.171 million are proposed to support a new initiative targeting neighborhood commercial corridors. While five percent cuts are proposed for many Block Grant-funded line items, we maintain or expand other programs using additional resources.

Settlement assistance grants using NTI bond proceeds are continued with level funding. The City's Basic Systems Repair program is level funded with the combination of CDBG and state funds and is proposed to receive additional Housing Trust Fund resource. The Year 31 Proposed Plan eliminated funding for the Energy Coordinating Agency's technical assistance program which assists developers in meeting the City's aggressive energy standards in construction.

Since the publication of the plan, we have reached an agreement with ECA to restore partial funding of up to $40,000 for this program, with ECA to identify additional private resources to make up the balance of funding needed to continue this activity.

The second primary source of funding for Year 31 is the federal HOME program. Philadelphia has been told that it will receive $16.294 million in new HOME entitlement funding in Year 31. That's a decrease of just at $700,000, while CDBG funds can be spent for a variety of activities, including construction and rental assistance.

In addition to Year 31, the City will receive $430,000 in HOME funds specifically identified for American Dream Down Payment Initiative. The City uses these funds for down payment and settlement grant assistance to make more affordable for lower-income households homeownership projects which it supports in areas of rapid appreciation or where the appraised value of the houses being sold makes affordability difficult for low- or moderate-income families.

Let me repeat a certain line. I think I may have jumped a line.

While Block Grant funds can be spent for a variety of activities, including economic development, HOME funds are restricted specifically to housing activities, including construction and rental assistance.

The third source of federal housing funding which is included in the Year 31 Consolidated Plan is the Housing Opportunities for People with AIDS; that is, HOPWA program, which the City of Philadelphia administers for a five-county metropolitan region, including Philadelphia, Bucks County, Chester, Delaware and Montgomery Counties.

The federal formula for HOPWA funds is based on the historical and contemporary AIDS case loads in the region. In fiscal year 2006, we will receive $7.336 million in HOPWA funds for the five-county region. That's a reduction of just under $300,000 from year 2005, fiscal year 2005.

This reduction will be absorbed by a small reduction in funding for the new construction of AIDS-related housing and by the ending of support for Lombard Residences, a 14-unit facility located at Broad and Lombard Streets. Lombard residents will receive rental assistance vouchers to live independently in private rental housing at a considerable savings in overhead and administrative costs.

The fourth source of federal funding for housing in Year 31 is the Emergency

Shelter Grant program. We anticipate receiving $2.3 million in ESG funds in fiscal year 2006. These funds will support emergency shelter activities which will continue to be administered by Rob Hess's Office of Emergency Shelter and Services.

In the past, another major source of funding for housing has been the Section 108 loan program. Under the Section 108 loan program, the City is allowed to borrow funds against future Block Grant entitlement grants. In the past, the City used the Section 108 loan program to provide debt financing for economic development ventures and to support specific housing development ventures. While economic development Section 108 loans are, for the most part, self-sustaining through the repayment of debt, subsidies for housing funded with Section 108 loans must be repaid from Block Grant entitlement funding.

The City has nearly reached its Section 108 loan program borrowing capacity and, therefore, in Year 31, no new 108 loan authority will be sought for housing activities, and budget authority for relatively modest loan of up to $15 million is requested for economic development activities administered by PIDC.

The plan identifies $5.75 million in proposed funding from the state Department of Community and Economic Development's Housing and Redevelopment Assistance program. These funds will be used to support home repair grants through the Heater Hotline and Tier 1 parts of the Basic Systems Repair program and to support large-scale new construction homeownership opportunities throughout the City. The City looks forward to continuing to work with the Rendell Administration and DCED to bring critical resources for housing to the City.

The plan also assumes the passage of the Housing Trust Fund legislation which is pending in Harrisburg and before City Council today. Line item amounts in the Consolidated Plan reflect the priorities negotiated with the housing advocates who have advanced the Housing Trust Fund and will be reviewed by the

Oversight Board which will be established pursuant to the Housing Trust Fund legislation.

In order to meet our deadlines, I would respectfully request that the committee vote 050294 out with a favorable recommendation and with a request to suspend the rules to allow first read at the next Council meeting.

Thank you for the opportunity to present this testimony today. I understand that testimony will be provided by the public, but we will certainly be around to provide answers to any questions that the public or the City Council may have at any time. Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much. We would also like to note Councilwoman Blondell Reynolds Brown is present, Councilman Darrell Clarke -- all these are members of the committee -- as well as Councilwoman Donna Reed Miller.

We thank you all for being here.

COUNCIL PRESIDENT VERNA: I

think you heard previous testimony. Is the Office of Housing satisfied with PCA's production in the Adaptive Modification program?

MS. McCOLLOCH: Deborah McColloch, Director of Housing.

No. We would like to see the program move forward in a more effective or more efficient manner, and to that end, PHDC and PCA are now engaged in discussions and dialogue to create a partnership so that in Year 31 they can work together to promote the program, the idea being that PCA would use its expertise with the clients and identify the particular needs and PHDC would use its expertise in carrying out the rehabilitation of the properties.

COUNCIL PRESIDENT VERNA: And you feel that that is the way that we could expedite the cases, the 45 cases, for instance, that are on a waiting list?

MR. HANNA: That's our expectation, yes.

MS. McCOLLOCH: Right. The 45

cases, I was little confused about the 45 cases of folks that were -- those were the folks that were in the nursing homes that she was speaking of. I don't know if those were people that are on the waiting list for the Adaptive Modifications program. There is a waiting list --

COUNCIL PRESIDENT VERNA: That's as I understood it. That's as I understood it. People that are in nursing homes and can go through transitional housing, there are 45 on a waiting list.

MS. McCOLLOCH: The waiting list for Adaptive Modifications is longer than 45.

COUNCIL PRESIDENT VERNA: She was just referring to those in the nursing home and how it costs by over $5,000 a month in a nursing home, yet it would cost a thousand dollars if they in fact were in an apartment or a house. I don't know how that thousand dollar works out. But I find --

MS. McCOLLOCH: But the goal is to --

COUNCIL PRESIDENT VERNA: I find it a little distressing that we had $5 million in a budget for a contract. Here we are at the end of the fiscal year and the contract still has not been signed. Something is just not kosher here.

MS. McCOLLOCH: The contract between PHDC and PCA has not been signed. What Ms. Klein testified to is that PCA has been carrying out the program during this fiscal year without having that contract in place. I can't speak to that. That's what she said.

COUNCIL PRESIDENT VERNA: You have to ask yourself why. Why after a year, almost a year, has the contract not been signed.

MS. McCOLLOCH: I think it's gone back and forth between PHDC and PCA. The attorneys at both places have issues to resolve and they've been working out. I believe the contract is now about to be signed, but my understanding is that the work has been carried out during this year but not under contract, and at the time the contract is signed, PCA will then submit one or more invoices to PHDC to be reimbursed for the work that it's been doing throughout the year.

COUNCIL PRESIDENT VERNA: I see that Tony McIntosh just approached the table.

Tony, do you mind coming up and talking about this, because I think that we're somewhat confused.

MR. McINTOSH: My name is Anthony McIntosh, Executive Vice-President, Philadelphia Housing Development Corporation.

With respect to PCA and their Year 30 contract, it's my understanding that at this point none of the funds have been drawn down. As Deborah has indicated, the contract is at PCA for execution. Once that takes place, we're now able to go ahead, move forward with reimbursements, things of that nature.

Ms. Klein stated earlier about monthly reports, things of that nature. After checking with the office, the reports that we have been receiving actually reflect Year 29 production. So with respect to Year 30, there's a minimum, if at all, any production at this point based on the information --

COUNCIL PRESIDENT VERNA: So you have never received a list; is that what you're saying?

MR. McINTOSH: Not as it relates to Year 30 production. The reports we have been getting are related to the Year 29 expenditures.

COUNCILWOMAN BLACKWELL: Mr. McIntosh --

COUNCIL PRESIDENT VERNA: Excuse me.

Have you closed the Year 29 contract?

MR. McINTOSH: Not at this point, no.

COUNCIL PRESIDENT VERNA: Can you tell us how many cases they have been able to address as far as housing?

MR. McINTOSH: I don't have an exact figure, but I can get that for you.

COUNCIL PRESIDENT VERNA: Would

we be pleasantly surprised or would we be very disappointed?

MR. McINTOSH: I think the disappointment results from the actual process being almost about ten months behind, and that's sort of been the tradition with respect to --

COUNCIL PRESIDENT VERNA: Tell us about the process, if you will, because I just don't understand this and I would like to understand it more clearly.

MR. McINTOSH: The process is very similar to any other contract with a sub-recipient, in that once the budget is approved, we're now in a position to go ahead and begin to assemble the documents to execute a contract with a sub-recipient to carry out the programmatic activities. Traditionally, after budget approval by this body, it normally would take about 60 days to actually have a contract prepared and ready for execution.

COUNCIL PRESIDENT VERNA: I think the budget has been approved almost a year ago. So why is it we don't have a signed contract? Very simple question. Maybe it's a very simple answer, but whatever the answer is, I think we should know what it is.

MR. McINTOSH: I'm not sure. At PHDC, in order for us to put together a contract, we must have certain documentation in order to move that process forward.

COUNCIL PRESIDENT VERNA: For example?

MR. McINTOSH: For example, bylaws of the organization, the plan as it relates to participation percentages, things of that nature, and basically it relies heavily on the recipient to get the information to PHDC to put us in a position to execute a contract. In absence of the documents, we cannot move forward to put together a contract.

MS. McCOLLOCH: There were also some questions, I know, that went back and forth between PHDC and OHCD regarding the operating budget for PCA. PCA receives operating funds to carry out this program, and

I know we had some discussions about what was the appropriate staffing levels.

COUNCIL PRESIDENT VERNA: What is their operating budget; do you know?

MS. McCOLLOCH: It's about 800,000 for this program. That's not their total operating budget. And I know there were -- PCA was hiring some additional staff. There were some issues that went back and forth, the details of which I don't know, but I do know that those things were going on and it's precisely the fact that there isn't a contract executed that the program has been delayed this year that OHCD directed PHCD and PCA to try to work something out to make improvements going forward in Year 31.

COUNCIL PRESIDENT VERNA: Well, I think that many of the Councilpeople that are here are somewhat dismayed about this entire issue. So as PHDC and PCA do get together and work and come to some agreement, I think we would like to know what that agreement is and how we go forward and how these cases are expedited.

MS. McCOLLOCH: Fine. We can do that.

COUNCIL PRESIDENT VERNA: Okay.

MR. McINTOSH: Not a problem.

COUNCIL PRESIDENT VERNA: Mr. McIntosh, that will be your responsibility?

MR. McINTOSH: I'll take care of that, Councilwoman.

COUNCIL PRESIDENT VERNA: Thank you.

Mr. Hanna, I know that there has been some across-the-board cuts of five percent to deal with the diminishing CDBG dollars from the federal government, but can you tell me why the Home Start subsidy is being cut by $400,000, which is almost a 29 percent decrease?

MS. McCOLLOCH: Home Start is being reduced -- Home Start is funded with Home money. There are cases in the pipeline that are being treated with -- to meet the Home Start budget. And so the Home Start budget between last year and this year can address the Home Start properties that have been identified and are in the pipeline to move forward.

MR. HANNA: But the short answer is, there's a decrease in Home funding. One of the areas we thought that could handle it given the fact there are some backlog of dollars from previous years was the Home Start program.

COUNCIL PRESIDENT VERNA: What is the Targeted Housing Preservation program being funding on Section B of the housing preservation budget detail, Line Item 4?

MS. McCOLLOCH: That is a proposed --

COUNCIL PRESIDENT VERNA: Excuse me. I'm just curious to know how this is different from the Targeted Basic System Repair program that was funded several years ago.

MS. McCOLLOCH: This program listed here, Targeted Housing Preservation, is a program proposed to be funded from the Housing Trust Fund. It would be not unlike the Targeted Basic Systems Repair program, but we wanted to, working with the advocates around the Housing Trust Fund, wanted to make modifications and make some changes to the Targeted Basic Systems Repair program, and so at the request of the advocates, we gave it a different name so that it would be clear that it was not simply a continuation of the existing program but that we would work together to create a new revised program.

COUNCIL PRESIDENT VERNA: So will this now go out under an RFP? I mean, how will you --

MS. McCOLLOCH: The Housing Trust Fund money -- the funds in the Housing Trust Fund are all --

COUNCIL PRESIDENT VERNA: For the Targeted Basic System Repairs?

MS. McCOLLOCH: Yes; are all intended to be allocated through requests for proposals.

COUNCIL PRESIDENT VERNA: Aren't there still groups who haven't expended their funds from this program and how much of the Targeted Basic System Repair program's monies have been unspent?

MS. McCOLLOCH: I don't know the figure off the top of my head. I can get it for you. There are some organizations that did not spend their money under TBSRP. There were other organizations that had more cases than they could address with the available funds, and so we did some shifts of money from groups that weren't spending their funds to groups that were spending their funds in an effort to get all the money spent. So I can give you a status report on that.

COUNCIL PRESIDENT VERNA: When will the RFP be issued?

MS. McCOLLOCH: For the Housing Trust Fund money? Well, after we get --

COUNCIL PRESIDENT VERNA: I'm talking about the Basic Systems, the Targeted Basic System.

MS. McCOLLOCH: That's all funded with Trust Fund money. So we would have to wait until there was an accumulation of money in the Trust Fund to be able to issue the RFP to give out the money. So I would think it would be, guessing, not until the end of this calendar year. I mean, that's just an estimate.

COUNCIL PRESIDENT VERNA: So we will not have Basic System Repairs as we have known it?

MS. McCOLLOCH: This is only for the Targeted Basic Systems. The regular Basic Systems Repair program, which is carried out through PHDC, that's proposed to be funded with $8.1 million of CDBG funds. So that program will continue as it is. This 1.4 million is a new resource from the Housing Trust Fund just for the targeted piece.

COUNCIL PRESIDENT VERNA: All right. Thank you.

COUNCILWOMAN BLACKWELL: Councilwoman Brown, would you like to ask a question?

COUNCILWOMAN BROWN: I did have a few questions for Mr. McIntosh.

Could you just share with us for the record the process or procedures at PHDC for

MBE/WBE participation, what happens?

MR. McINTOSH: Well, with respect to the participation, we have goals that have been established as a result of the funding source. With respect to that, we do several things in relationship to that. Some time ago, I'd say probably a year ago, we went out because we were concerned about the production numbers at that point and the level of participation. So as a result of that, we did a second round of RFPs a year ago in an effort to increase the overall level of participation.

As a result of that effort, we've been quite successful in achieving a reasonable number as it relates to our overall level of MBE/WBE participation.

With respect to the process and the procedure, all contractors that are attempting to do business with PHDC must get pre-qualified. As a part of the pre-qualification process, there are several things that we look at. One, we look at one's track record as it relates to the type of work that they're attempting to do. Secondly, we look at one's indebtedness to the City of Philadelphia, making sure there are no liabilities, things of that nature, that you don't have agreements to try and address. In addition to that, they must have licenses and adequate insurance.

So those are the key areas that we look at.

COUNCILWOMAN BROWN: You said a couple years ago, recently, you amended or revised the procedures and you had some relative success. Define that.

MR. McINTOSH: That's correct.

COUNCILWOMAN BROWN: I need you to define it. What were the numbers prior to the implementation of this new procedure and what were the numbers after that?

MR. McINTOSH: I'm going to ask for a little help in this area. I have the Program Director here and he can help me before. I can tell you where we are now as a result of those efforts.

COUNCILWOMAN BROWN: That

includes both professional services contract separate from the construction-related activities?

MR. McINTOSH: Right now I thought you were talking about the Basic System Repair program, so I was really focusing on that area, which is the physical improvement side.

COUNCILWOMAN BROWN: Okay.

MR. McINTOSH: Today I'm pleased to report that with respect to our MBE/WBE participation percentages, that we're in the neighborhood of overall participation in our program, we're approaching 50-plus percent.

COUNCILWOMAN BROWN: Break that down. What percentage of that is minority, what percentage of that is women?

MR. McINTOSH: Unfortunately -- let me see.

MR. BORCELLA: I'm Guy Borcella, Director of Basic Systems Repair.

Presently, just to break it down a little bit, the minority participation is probably about -- it's about 50 percent overall, and of that, it's 45 percent minority, maybe five percent female businesses. Now, when I say "50 percent," we're really talking about 38 percent of that is primary contractor work directly to minority contractors or female contracts, and the remaining 12 percent is to subcontract through subcontracting hiring by majority contractors. So that when you add the primary contractor plus the subcontractor numbers together, you're getting about 50 percent minority and female participation in the Basic Systems Repair program, which is our larger program.

COUNCILWOMAN BROWN: Okay. And what procedure is used for professional service contracts?

MR. McINTOSH: All right. Our first effort was to try and increase participation on the physical improvement side, because that's where the largest bulk of the dollars that come into PHDC are. Once we've done that, we were quite successful, as

I've indicated last year. One of the things we've just done and it was in an attempt to increase participation as it relates to the other internal operations of PHDC and that was, last week we had a forum at Temple University and the forum was titled How to Do Business With PHDC and it was at the Student/Faculty Center at Temple University last week, and it was all in an effort to try and increase the level of participation as it relates to our non-physical improvement side.

COUNCILWOMAN BROWN: Currently the process is what?

MR. McINTOSH: Again, the process is in most cases when we go out for services; i.e., computers, whether it's art services, legal services, things of that nature, we put out an RFP and once the respondents respond to that RFP, we have a panel. The panel reviews the respondents that have come in, and as a result of the review, recommendations are then made.

Those recommendations are then forwarded to what we add was a Contract

Selection Committee, which is composed of Board members of PHDC, and their responsibility is either to agree with the recommendation that's been presented, reject it and/or amend it.

Once that process takes place, if it is approved at that level, it is then forwarded to our Board of Directors for their approval.

COUNCILWOMAN BROWN: Could you please provide what those numbers are for the past two years, since you said you've made some adjustment in the procedural part of that, specifically in the areas of professional contracts? What percentage of that are minorities, what percentage of that are women and then what percentage of that are African-American women in all the professional areas.

MR. McINTOSH: Okay. We'll get that information for you.

COUNCILWOMAN BROWN: Thank you for your testimony.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you very much.

Any other questions from members of the committee?

Thank you. We will defer to Panel No. 1.

Councilman Cohen?

COUNCILMAN COHEN: I wonder do you have an office operating full time to give advice to minority contractors or minority groups in case they run into questions about capital or whatever problem they have that helps them on a continuing basis, or do they fly on their own once accepted?

MR. HANNA: I know that through the NTI, Neighborhood Transformation Initiative, especially for the demolition program, there are some special technical assistance programs available to those contractors. As far as other contractors, those doing business through the Office of Housing, at the Redevelopment Authority and at PHDC, both those organizations maintain EEO offices, or I should say offices that deal specifically with minority contractors. They do provide some level of technical assistance expertise, not to the same level as is provided through NTI and the demolition program, but, yeah, we do have an office fully staffed that handles that kind of thing for RDA and PHDC.

COUNCILMAN COHEN: Well, I'd like to suggest that you thoroughly review that, because my understanding is totally the opposite, that the City of Philadelphia takes the position if you want to be a minority contractor, the burden is on you, we'll tell you what some of the requirements are, but then you've got to fend for yourself, and they expect of a new approved minority contractor the same level of expertise as they would from a major corporation operating forever. And that's the way the City of Philadelphia operates through the Managing Director's Office at least during the reign of Philip Goldsmith.

I can't tell you about the new Director, because he's too new, Pedro Ramos, the former City Solicitor, but I've had many disputes because we've been encouraging people, ordinary people, to carry through the same wish that most people have, if they're workers, they want to be entrepreneurs. But there's absolutely no place to go for any help. They say, Well, that's your business to find out and your business to perform, and if you don't know about finance or regulation and you get in trouble, that's too bad, you should have learned beforehand.

And I don't think -- I think that's the reason why Philadelphia, in my judgment, has an extremely low percentage of minority involvement and why so many people go in and out of the program, because there is not the consistent help and encouragement that ought to be given where people are, whether they're going in new housing for the first time or getting a new job or a new standard of work performance, such as a minority employee.

So I would suggest, sir, that you go into this thing deeply, and if we're going to have a minority program that's meaningful, we've got to stand with them ready to advise them at every step of the way, or at least two or three years until their feet get really wet.

MR. HANNA: Councilman, I'd agree with those comments, and let me just add to them a couple of observations. First of all, again, ours is the Office of Housing. We can't speak to those issues or those areas under the purview of the Managing Director's Office.

I agree wholeheartedly with your comments relative to the need for more, for lack of a better term, hand-holding of minority contractors even after they've been officially authorized as such. Our office, though, our office to include PHDC and RDA, have, at least through my tenure, probably even longer than that, but certainly during my tenure, have been doing a much, much higher minority participation level than has the rest of the city.

Again, that's not to indict the other departments, but we believe very strongly in what you just talked about; that is, the need to hold people's hands and to work with minorities in an effort to get more business from both the RDA and from PHDC. And to speak again directly to your point, I think as a direct result of those hand-holding efforts, we, PHDC and RDA, have again over the years enjoyed double-digit participation for at least the past three years or so.

COUNCILMAN COHEN: Well, that's good to hear and I hope you can spread your influence, because it's badly needed by the City.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much.

Panel 1, Rick Sauer, Pennsylvania Association of CDCs; Tom Earle, Liberty Resources; Daniella Borgost, EPOP.

Thank you for your patience. Welcome and please begin your testimony. Introduce yourself to the record. Thank you.

MR. EARLE: Councilwoman Blackwell, my name is Thomas Earle. I'm the

Executive Director of Liberty Resources. On behalf of Liberty Resources, I would like to thank the members of City Council for their long day today and their patience in hearing all of our testimony on this very important matter of the Housing Trust Fund.

Liberty Resources is a non-profit community-based organization that is the center for independent living for residents of Philadelphia who have disabilities. Our mission is to advocate with persons with disabilities to ensure their civil rights and equal access to all aspects of life in the community. One of our primary goals is to assist people to move from nursing homes and other institutional settings into homes of their own in the community.

Last year, Liberty Resources served over 1,700 people with disabilities in the City of Philadelphia. We estimate that 99 percent of the people we serve live on incomes of less than $20,000 per year. Many of our constituents receive only supplemental Social Security income and live on incomes of $7,000 per year.

In year 2004, 20 people were assisted by Liberty Resources to move from nursing homes or other institutions into homes in the community. In 2005 to date, we have assisted eight individuals transitioned from institutions to the community, but we have 20 more people who are on the waiting list in costly institutional care for affordable, accessible, integrated housing so that they can move into the homes of their own.

With the upcoming downsizing of Philadelphia nursing homes, dozen more people with disabilities will need affordable and accessible housing. These numbers do not reflect the hundreds of people with disabilities who struggle to remain in the community while living in substandard housing or rent-burden or even homeless.

In the Year 31 Consolidated Plan, OHCD estimates that 66,000 people with disabilities are in need of permanent, affordable, accessible housing in Philadelphia. The proposed Housing Trust Fund that is before us today is a tremendous step forward to address the significant unmet needs of Philadelphia's poor citizens, those who earn less than 20,000 per year. The proposed Housing Trust Fund has 50 percent of its funding dedicated to the production of housing for those whose income is equal to or less than 30 percent of the area median income.

While development for all income levels is needed throughout the City, funding for housing assistance for the most needy of our fellow citizen must never fall below the 50 percent level. Most importantly, for people with disabilities, as we've heard today in previous testimony, will be the Trust Fund's requirement that ten percent of all newly constructed housing units built with Trust Fund money be fully accessible to people with disabilities, including those who use wheelchairs, and that 100 percent of the housing units built will be visitable, achieving the visibility that the City has so desperately needed more many years.

As Philadelphia's center for

independent living, LRI stands with our consumers who struggle so valiantly to live their lives with dignity in the community. Permanent, affordable, accessible housing is the key to life in the community. Without adequate housing, many people with disabilities have no choice but to become institutionalized and live in more expensive nursing homes instead of the community or to lose their children or not be able to get out of their house in the event of an emergency, often all because there's simply a lack of accessible or a ramp at the front door of their house.

The proposed sustainable Housing Trust Fund will serve as a huge step towards addressing housing crisis facing our City, and we strongly advocate that Council passes the Trust Fund with unanimous support.

I'd also like to very briefly comment on the Adaptive Mod program, which is also an element of the Housing Trust Fund, and we know through history that the Housing Trust Fund -- or that the Adaptive Mod program in

Philadelphia has had a five- to seven-year waiting list. With the infusion of additional funding two summers ago that brought the funding level of the Adaptive Mod program up to $5 million, that waiting list was decreased to almost three years, and now with OHCD's plan with the reduction in funding for the Adaptive Mod program, we may face even longer waiting lists in the future. So it's important not to cut that funding but to increase that funding, and if that can possibly be achieved by unused demolition funds from NTI, that would be a very effective use of City monies to decrease that waiting list, which is actually preventing some people who live in nursing homes from moving into the community.

Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you, Mr. Earle.

MR. SAUER: Good afternoon or evening, whatever time it is now. Thank you for the opportunity to testify on the ordinance to create the Philadelphia Housing Trust Fund. My name is Rick Sauer and I'm the Executive Director of the Philadelphia Association of Community Development Corporations.

PACDC and our partners are extremely glad to be here today as we've been working hard for a long time to make the Philadelphia Housing Trust Fund a reality. First of all, I'd like to thank you, Councilwoman Blackwell, for your leadership --

COUNCILWOMAN BLACKWELL: Thank you.

MR. SAUER: -- on this legislation and your longstanding advocacy on housing issue. And I also want to acknowledge the support of Councilwoman Reynolds Brown, who is a co-sponsor for this bill engaged in the process, as well as many of the other members of Council that have been showing their support for this effort. And, of course, I can't forget to thank the Mayor and the Administration for embracing the Trust Fund concept and working with us to move it forward.

We need a Housing Trust Fund in Philadelphia. Our City continues to face huge affordable housing issues and our neighborhoods are facing significant challenges, and I think as was alluded to earlier in earlier testimony, the federal government is backing away from support for cities.

On my testimony there's a chart that shows declining federal funding for housing community development over the last several years, which has limited our ability to invest in housing production and other important needs. Without a dedicated local source of housing funding, we face greater and greater needs with fewer and fewer resources.

The Housing Trust Fund legislation that is before you today takes a gigantic step forward to address this problem and will grow the pie of resources so we can better meet our housing needs across the City.

With passage of this bill, Philadelphia can join the 50 other counties around the Commonwealth that have established Housing Trust Funds through the Act 137 mechanism and are moving forward to address their local housing needs.

The Trust Fund as proposed carefully balances the varying housing needs throughout Philadelphia. Because of the critical shortage of quality affordable housing and because of the need for increased investment to create vibrant economically diverse communities, housing production, both rental and homeownership, serving a range of income levels is the top priority of the Trust Fund. Funds will also be used for housing preservation and home repair, including geographically Targeted Housing Preservation programs and to prevent homelessness.

The Trust Fund will increase the supply of visitable and accessible housing in Philadelphia, and ongoing community accountability will be provided through the Oversight Board.

The Trust Fund's investment in our neighborhoods will complement NTI by encouraging mixed-income communities while balancing growth with affordability and equity for existing residents.

Overall, an annual investment of 15 million per year in the Trust Fund is projected to leverage about 35 million in other outside resources to help preserve and revitalize our communities. And according to a report that was produced last year by Econsult Corporation, the Trust Fund will have an overall economic impact of 85 million per year in our City.

What a difference a Housing Trust Fund will make. Thanks to the Trust Fund, the City can look forward to an actual increase in badly needed funding to build and rehab affordable housing instead of a decrease from further reductions in federal funding.

PACDC would like to go on record as strongly supporting the use of Trust Fund resources as outlined in the Proposed Consolidated Plan. This distribution represents a consensus that was reached among advocates for the Trust Fund campaign and the

Administration.

We also just want to briefly support funding for neighborhood commercial corridor revitalization, both the NTI program that was mentioned earlier in Pat Smith's testimony, as well as ongoing funding from CDBG, to ensure that neighborhood revitalization is wholistic in its approach.

PACDC has been working with a coalition of more than 100 other organizations led by ourselves, the Philadelphia Affordable Housing Coalition, EPOP and ACORN, and there is truly overwhelming support for the Housing Trust Fund from CDCs, affordable housing advocates, banks, market-rate developers and from the Inquirer and Daily News. And while our presence here this afternoon may have dwindled as the afternoon wore on, our resolve is still strong.

By passing Bill 050059, Council will take an historic vote to ensure ongoing dedicated funding for housing in Philadelphia.

We thank you for your support and we look forward to celebrating creation of the

Philadelphia Housing Trust Fund with you.

COUNCILWOMAN BLACKWELL: Thank you very much, Mr. Sauer.

Thank you, Mr. Earle.

(Applause.)

MR. SAUER: I also have testimony here to submit on behalf of several of our other members who had to leave, including The Partnership CDC, Project HOME and the Philadelphia Chinatown Development Corporation.

COUNCILWOMAN BLACKWELL: Thank you very much.

Please collect the testimony.

Thank you very much. Financial Institutions, Lawrence Rust, or for-profits panel. Lawrence Rust, Building Industry Association; Yolanda Lewis, Citizens Bank; and Ray Desiderio, PNC Bank.

MR. RUST: Good evening. My name is Lawrence Rust. I am the President of the Building Industry Association of Philadelphia. Building Industry Association is the market-rate building organization in the City. We are members of the Pennsylvania Builders Association and also the National Association of Home Builders. I represent residential market-rate builders in Philadelphia.

I'm a resident of Philadelphia. I live in the 1100 block of Green Street in Councilman Clarke's district. My company, Rust Construction Corporation, is also based in Philadelphia.

Due to the federal cuts in CDBG and other programs, the City of Philadelphia is unable to fund affordable housing at the same level it has in past years. As a market-rate builder, I believe it is necessary to incorporate affordable housing in market-rate development plans and to provide affordable housing for citizens of Philadelphia.

Furthermore, I believe that this will assist market-rate builders and the market-rate housing industry with neighborhood and constituent issues and it will continue to fuel the current increase in development interest in the City of Philadelphia.

The Housing Trust Fund bill as offered is a very good bill. The revenue source to pay for it is an increase in recording fees on mortgages and deeds. It is not an onerous fee. It seems very reasonable, and I do not believe that the increase will be detrimental to market-rate housing in the City at all.

Passing this Housing Trust Fund bill I believe will encourage market-rate developers to build in the City of Philadelphia because it will provide a real financial solution and also reduce some of the stresses and concerns associated with neighborhood development and revitalization, and it will also provide additional affordable housing.

Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much. The next panel, Habeebah Ali, if you're still here, Raise of Hope; Patrice

Armtead, as well as Lisa Segarra, Community Leadership Institute. Are you here?

UNIDENTIFIED PERSON: Habeebah is not here and I'm going to speak for Lisa Segarra, her testimony.

COUNCILWOMAN BLACKWELL: Say that again.

UNIDENTIFIED PERSON: Lisa Segarra, I'm going to do her testimony. She had to leave. Habeebah Ali is not here.

COUNCILWOMAN BLACKWELL: All right. Thank you.

Thank you. Feel free to begin your testimony. Introduce yourself.

UNIDENTIFIED PERSON: I'm speaking for Lisa Segarra today, and I've come representing the Community Leadership Institute. I've come today with two burning issues for hundreds of members of our organization. We urge Council to support the Housing Trust Fund and reinstate the Homelessness Prevention program. We are members of the Philadelphia Affordable Housing Coalition and we are working hard to help people preserve and get much-needed affordable homeownership and rental housing in the City.

The Housing Trust Fund will provide funds to help us achieve this. It would mean additional funding for much-needed accessible housing for low-income renters, homeowners, including people with disabilities. The Trust Fund would help more people to keep their homes by having access to increased basic system repairs like heating, plumbing, electrical and roof repairs.

We urge you to support the Housing Trust Fund. We need preservation of viable homes and low-income neighborhoods and new affordable housing.

We are also very concerned with the Homelessness Prevention program to keep people in their homes instead having to resort to shelters. We're in a crisis right now because many families are losing their homes to mortgage and tax lien foreclosures and sheriff sale.

Last month, the Community Leadership Institute had a community meeting. A desperate man spoke of losing his home and having to live out of his car with his wife and children. They had lost their home to tax lien foreclosure and sheriff sale. This is typical in our community. Families will double and triple up in homes meant for one family or live out of their cars before they will go to a shelter and lose their children. Our coalition partner, KWRU, Kensington Welfare Rights, called in some favors and helped us get this particular family out of the street. Had they relied on existing services, they would still be out on the street or have lost their children when they entered the shelter system.

I urge you to reinstate and support the Homelessness Prevention program with $5 million and also that $5 million for Homelessness Prevention to come out of the demolition money to increase the Basic System Repair out of the Equitable Development Strategy and demolition money and increase Adaptive Mod out of Residential Demolition money.

Thank you.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

MS. HOLLAND: Good afternoon.

COUNCILWOMAN BLACKWELL: Would you talk into the mic. We can't hear you.

MS. HOLLAND: Good afternoon. My name is Arnelle Holland and I'm for the Affordable Housing Trust Fund ordinance.

COUNCILWOMAN BLACKWELL: Excuse me. What's your name?

MS. HOLLAND: Arnelle Holland. Patrice was supposed to be here and we represent the same organization, WCRP.

COUNCILWOMAN BLACKWELL: And what is your name again?

MS. HOLLAND: Arnelle Holland.

COUNCILWOMAN BLACKWELL: Spell your last name.

MS. HOLLAND: H-O-L-L-A-N-D.

COUNCILWOMAN BLACKWELL: Okay. Thank you.

MS. HOLLAND: Again, I'm just

going to say good afternoon, Council President Verna and Councilwoman Blackwell and other members of the City Council. I already told you my name. Until recently, we lived near F and Allegheny Avenue where there are many abandoned houses which could be rehabbed and turned into affordable housing. I'm on the Board and serve as Co-Chair of the advocacy committee of the Woman's Community Revitalization Project.

WCRP represents nearly 500 low-income families who live in the fifth and seventh Council districts. When I joined WCRP, little did I know that I was going to become a statistic. I've worked for over 20 years and I'm now working 20 hours a week, the maximum I can do given my disability, but now I'm in circumstances where you think the government would help a person who has paid into the system to get back on her feet.

Last spring the walls came tumbling down on our family. My daughter was laid off from her job and couldn't make rent. She was forced from her apartment and had no alternative but to move four children in with me. Shortly after, my landlord was about to lose the house I was renting from her on sheriff's sale and I started receiving eviction notices from the sheriff's office demanding that I leave immediately.

So all of the sudden, all six of us were in dire need of affordable housing, despite the fact that we were employed or recently employed. We were suddenly forced to look for other housing options, but everywhere we were turned down because either we made too little or I was too old or too young or our family was either too big, too small or there was a two-year waiting list or the places were simply not affordable.

Several people said to us we should consider going to a homeless shelter, people, of course, who never had lived in a shelter, but this had been a disaster for our family. We know from firsthand experience that once you get into the shelter system, it is almost impossible to get out.

Food and shelter are basic human

rights, but the system we have to go through makes you feel less than human.

Living in a shelter is an oppression. It was not an acceptable option for our family and it is not the answer for City's affordable housing crisis. What we need is more decent affordable permanent housing.

It felt like we were deserted by our government. It felt like they had gone AWOL on us. We paid taxes for decades. We have given hours and hours to our community and now all we need was a safe decent affordable place to live, and there seemed to be no more safety net.

Fortunately, we were able to get a housing unit at WCRP, but we know there are 300 families on the waiting list of WCRP housing and that some families must wait up to two years.

Our story feels unique, but there are thousands of other stories in Philadelphia like ours. We have been fortunate enough that when the walls started to tumble down, I was a member of the organization, WCRP, to help advocate and fight with others like me who are in need of decent affordable housing. Therefore, Council President Verna and Councilwoman Blackwell and all members of the City Council, I urge you to pass Bill 050059 to create the Affordable Housing Trust Fund, to increase funds for new affordable renters, homeownership housing, homelessness prevention programs, home repair grants and more wheelchair-accessible housing so that more families won't split up and be destroyed, and to help the American dream become a reality and not a cruel joke.

Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

John MacDonald, Impact Services, are you here? John Wagner, Archdiocese, are you here? Kariymah Muhammed, are you here? And with her, Reverend Flores. Are you here? Okay. Thank you.

MR. MacDONALD: Thank you. I'm

John MacDonald. I'm the President of Impact Services Corporation, as well as the current President of Philadelphia Association of Community Development Corporations.

First I'd like to begin by thanking Council for your understanding, your encouragement and your advice as we move through this many-month process, as well as I'd like to thank the Office of Housing and Neighborhood Preservation, NTI and OHCD for the same level of understanding, encouragement and advice to get us to where we are today.

COUNCILWOMAN BLACKWELL: Thank you.

MR. MacDONALD: They need for affordable housing in our City is well documented. While there are no easy answers to the housing problems, the funding mechanism that will be created, approximately 14 million sought for this fund, is an important step in Philadelphia having more ability to address the needs that many of our citizens have for decent housing and more control over the size and shape of its housing programs.

Although this fund is not the answer, the total answer, to our housing affordable housing problems, its benefits are considerable and worthwhile.

As Rick mentioned, the additional dollars that the Housing Trust Fund will help bring into the City will be in excess of $35 million. That should relate to the development of -- the building of at least 275 additional affordable homes, as well as assist 900 homeowners to effect needed repairs in their homes. This sort of investment demonstrates that the fund is the sort of solution that we need in Philadelphia. It is shaped by our needs to address our problems and has the ability to create a benefit that is multiplied many times over, and we need to keep creating effective new solutions to the problems that we face and we hope that the Trust Fund is the first of many worthwhile programs that we're able to launch together.

I'd also like to thank all the 100 organizations that came together with the common purpose to initiate this fund as well.

There aren't too many incidents in the City where that happens, and I think it's dramatized last year at our festival at Kensington and Allegheny. We asked the elementary kids in all the schools in our surrounding area to give us an idea of what they would dream about as we move forward with the plan for our neighborhood, and they came up with three things. They'd like the neighborhood to be clean, they'd like it to be safe and they'd like to have a nice house.

Thanks.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

Thank you. Please identify yourself for the record and begin your testimony.

MR. MUHAMMED: My name is Kariymah Muhammed. I'm talking about the Housing Trust Fund. I feel good about the idea of having a Housing Trust Fund because many people such as myself can't afford to pay the high cost of rent. Not only is housing a financial problem for most, it has also caused a health problem for my oldest daughter who has been struggling with lead poisoning.

The house that we lived in had a lot of water damage. There was a hole in the dining room ceiling and wall. Water leakage through the ceiling light in the kitchen caused more damage to the floor tile, and the bathroom also had water damage caused by an old roof. These problems caused mold to build up, which led to my youngest daughter to experience difficulties with her asthma.

I want to be able to give my family a clean, safe environment that will enhance their education. I couldn't stay in that house one more day, so after Christmas, I decided to leave the situation and give my children hope. We are currently in a shelter, but my children feel safe, and we are waiting for housing, but I am sure I'm not the only one experiencing difficulties. Therefore, my wish is that Philadelphia can establish this Housing Trust Fund for people who need housing to be able to work and go to school to better their lives.

COUNCILWOMAN BLACKWELL: Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you. Are you Reverend Flores?

REVEREND FLORES: Yes, ma'am.

COUNCILWOMAN BLACKWELL: Thanks. You're next. Thank you, sir.

REVEREND FLORES: Thank you. I'm a Pastor of the Second Baptist Church of Germantown. We are a congregation that participates with Northwest Philadelphia Interfaith Hospitality Network, and we host families of the person that we just heard from right now and we will be hosting their families in the coming week starting on Sunday.

It's a wonderful opportunity and it warms the heart to be able to do some of the things that make a person feel like we're making a contribution to society in terms of helping out.

One of the questions that we asked our congregation when we first got involved with this program was, What if it was you, and it's still something that drives us, because anybody could wind up in a situation of needing affordable housing. There are so many cases. You've heard all the statistics here all afternoon. And it is a marvelous opportunity to be able to do something about it in the network that we're in.

The families that come to us more often than not have jobs, they have bills, they have intact families most of the time. It is a very difficult time in their lives. Any one of us could be in that situation. It's my prayer for this committee and for the process of this bill, for the Housing Trust Fund, that everybody will take the necessary steps to provide all of God's children with decent housing, not just the wealthy children, not just the well-educated parents, not just particular persons, Jews, Gentiles, Protestants, Catholics, but that all God's children will be able to have affordable housing.

This Housing Trust act takes that

step towards that, and it will indeed allow everyone to feel the same joy that we have in participating and being a part of a solution to one of society's great problems.

Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you very much. We wholeheartedly agree.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you, Reverend Flores.

May I ask who you are?

MS. FALKOVE: Yes. I'm Rachel Falkove and I'm Executive Director of Northwest Philadelphia Interfaith Hospitality Network. I was supposed to be called with this panel, so here I am.

NPIHN is a congregational-based shelter program for homeless families supported by 24 socioeconomically diverse congregations in Chestnut Hill, Mount Airy, Oak Lane, Germantown and Roxborough offering space, volunteers and resources to house homeless neighbors, and I'm also here from interfaith Advocates, a coalition of concerned northwest area citizens, and members of our participating congregations.

There were quite a number of people here today from the Hospitality Network and Interfaith Advocates who could not stay, and I have some testimony from them that I'm just going to leave with you.

COUNCILWOMAN BLACKWELL: Thank you.

MS. FALKOVE: Our families call our network the shelter that's not like the shelter, because we're very small and we're an intimate program that is child and family centered. We only house up to five families at a time in a local congregation and we are able to offer families privacy and quiet to provide a safe base from which to go to work, to get an education and to resolve problems.

With hospitality and companionship provided by an extensive network of dedicated volunteers, we have over a thousand volunteers who we're representing here today. We are able to provide shelter in a respectful and nurturing manner.

While we have run our tiny little family shelter program for 13-plus years, the demand for our service has never been greater. Across the nation, family homelessness has increased 20 percent for each of the past four years. In Philadelphia, families now make up approximately 66 percent of the shelter population, and most of these shelters were not designed to accommodate families.

In the past half year, at least 250 families have contacted us for help and placement. While we can only shelter a limited number of families, we do our best to listen, assist and refer families to appropriate shelter and housing programs.

There are certainly many reasons for the increase in family homelessness, but first and foremost is the lack of affordable housing. Our experience in caring for the families who stay as our guests has greatly influenced our collective support for establishing a Housing Trust Fund in Philadelphia. So much so that we would gladly pay the marginal extra fees in our real estate transactions if the funds could be used to create affordable housing opportunities for the families we shelter.

If you take a look around the Council chambers today, you see many pictures of houses drawn by Sunday school children from our participating churches and synagogues, most of whom have spent time with the children in our network and share their classrooms with the family we shelter. They understand how important it is for every child to have a place to call home.

If you read the wishes of these children on these pictures and if you look at the detail drawn by such young people, you will see how important a safe and stable home is to a child.

When our congregation's children learned that 10,000 children in Philadelphia experience homelessness at some time last year and on any given night a thousand children are living in shelters, they decided to try to draw 10,000 houses. Now, they didn't make it up to 10,000, but they did manage to draw as many houses as would result from a Housing Trust Fund in a year, 250, not to mention the 900 or more homes that would receive repairs and remain habitable as a result, and I have many, many pictures, beautiful pictures, that we didn't quite get to hang up, but they can decorate your office.

Our congregations and our members are willing to do our part in accompanying the Hospitality Network families on their journey from homelessness to permanent housing, but we cannot be effective if we are operating in a vacuum of affordable housing. We'd rather not draw imaginary houses. So we ask our Councilmembers to make the dream of affordable housing a reality for all Philadelphians by supporting a local Housing Trust Fund.

Thank you.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

Is Alicia Christian here? Is Reverend Will McKinney here? Susan Klein, she already testified.

Jenny Lucas, Outcomes Analyst from PEC; Nicole Harris, Blueprint to End Homelessness; and Debbie Russell, Liberty Resources. Are the three of you here?

Thank you. Please come forward. And we would ask you, if you could, in the interest of time, we thank you for your patience, to make your remarks as concise as possible. It would be appreciated. Thank you. Feel free to introduce yourself to the record and begin your testimony.

MS. LUCAS: Good evening. My name is Jenny Lucas and I'm from People's Emergency Center Community Development Corporation.

COUNCILWOMAN BLACKWELL: Yes.

MS. LUCAS: Thank you for offering the opportunity to testify tonight.

COUNCILWOMAN BLACKWELL: Thank you.

MS. LUCAS: First, we encourage the City to move forward in creating a Philadelphia Housing Trust Fund. We're happy to join the coalition of more than a hundred organizations in support of the Housing Trust Fund.

Second, we applaud OHCD for continuing its practice of establishing a specific set-aside of CDBG funding for homelessness and special needs housing to better serve homeless individuals and families, people with AIDS and people with physical disabilities. The set-aside has had tremendous impact in our community and we encourage you to maintain it.

Third, we request that the City support neighborhood economic development. We firmly believe that thriving commercial corridors and economic development programs are critical to the overall development of Philadelphia's neighborhoods. To that end, we strongly support the proposed Commercial Corridor Support Initiative.

We also request that the Council consider restoring funding to the Small Business Commercial Improvement program, which is an innovative facade program which leverages private funding to enhance the appearance of our neighborhood and boost the local economy.

We also thank the City for partnering with the Commonwealth of Pennsylvania to support the Main Street and Elm Street initiatives, which leverage state money to support economic development along commercial corridors.

Fourth, we request that the Council consider allocating additional resources for acquisition. Acquisition is key to housing production. Without a source of funding for property acquisition, redevelopment would not be possible. We urge the City to identify new resources for acquisition to ensure that critical affordable and mixed-use development projects continue to flow through the pipeline.

Finally, we commend the City for continuing to its commitment to the Employer Assisted Housing program.

Thank you very much. I also have the written testimony for here I'd like to submit.

COUNCILWOMAN BLACKWELL: Thank you very much, Ms. Lucas.

MS. HARRIS: Good evening. My name is Nicole Harris. I am the Interim Director of the Blueprint to End Homelessness. I am providing this testimony on behalf of the Blueprint to End Homelessness, which is a homeless advocacy and public/privacy program of the Greater Philadelphia Urban Affairs Coalition.

I appreciate the opportunity to submit this testimony to the -- to present this testimony to City Council as far as the public participation process of the Consolidated Plan and the Housing Trust Fund.

We urge City Council to continue its practice of specific set-aside of CDBG funding for homeless and special needs housing to better serve homeless individuals and families and people with AIDS and people with physical disabilities. The set-aside has had a positive impact in terms of assuring new housing units for the homeless, increasing development capacity amongst special needs providers, and significantly increasing the federal dollars coming into Philadelphia for special needs projects.

Moreover, we urge City Council to increase the level of resources allocated to development, financing for homeless and special needs housing. Such an increase will enable the City to fund critically needed permanent support of housing units without draining resources from other essential components of the homeless continuum of care.

We urge you to maintain the Basic Systems Basic Repair program as a preventive measure so that those who cannot afford to make needed repairs for their homes do not become homeless. We also support the Housing Trust Fund.

Constantly the demand for accessible and affordable housing exceed supply as incomes fail to keep pace with rising housing costs and housing production fails to keep pace with need. The City's continuum of care estimates a gap of over 7,000 beds in permanent housing for individuals and families. The City of Philadelphia urgently needs more funding for affordable housing and neighborhood revitalization, particularly as our federal funding is cut. The Housing Trust Fund will help create homes and revitalize communities for the low-income and no-income households. The Housing Trust Fund has broad support from all sectors of the community.

Thank you again for the opportunity to provide comments for your consideration.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you.

MS. RUSSELL: Good evening. My name is Debra Russell and I am from Liberty Resources, Incorporated, Assistant Director of the community advocacy program there.

As you've already heard, Liberty represents many disabled people who are a part of the City and community. I won't reiterate a lot of statistics that you've already heard, but I will just simply say that our right is to be free and to live in the community and be a part of the community just like anyone else.

We do not consider nursing homes and other institutions our own homes, and that is what we are about.

I want to thank you for having the opportunity to give testimony this evening. I thank you for taking the time to continue to hear testimony, because it is important that our community be heard.

We applaud the efforts of City Council to create the Housing Trust Fund, which is a beginning to the tremendous need for affordable, accessible, integrated housing in this community.

Liberty Resources also is proudly a member of the Philadelphia Affordable Housing Coalition. That was formed because of recognition that many, many people in this City need affordable, accessible and integrated housing, and we've all come together and continue to fight for this issue.

I am presenting testimony today specifically also in regards to the Consolidated Year 31 plan, and there are just a few specific issues that I would like to identify related to that that are of concern to us.

We are pleased that the proposed budget identifies homeless people involved in domestic violence situations as a top priority. This is a need that we are seeing affecting more and more disabled persons.

In the past two months, LRI's housing advocacy department has worked with six different people unable to leave physically and emotionally abusive homes due to lack of alternative housing. A major problem that faces these individuals is lack of accessible emergency shelter.

One particular consumer living with a crisis having chronic back problems and difficulty walking with a cane was offered a top bunk in a set of bunk beds for emergency housing as her only shelter option. As a result of that, she decided to stay where she was in a very dangerous situation and wound up very badly beaten and having a broken leg.

A disability should not prevent people from accessing needed emergency housing to escape violence within their homes. People with disabilities can and do face the very same problems that affect the general population, and we ask that their needs be taken into account when planning for an increase in domestic violence shelter beds.

We are also happy to see that adaptive home modification has been given a high priority status in the proposed plan. Unfortunately, it does not appear that the budgetary allotment reflects this priority. As has already been said, the $5 million dollars is proposed to now be cut to $2.7 million. While OHCD states that it will apply for additional funding through the Pennsylvania Department of Community and Economic Development, the City of Philadelphia still needs much more funding for this program to meet existing needs, much -- the additional funds allocated over the past two years have served to cut the waiting time for individuals who apply for assistance from seven years to three years. However, there are still people who have been waiting a very long time.

Many people with disabilities live in homes that are not accessible and need modifications, such as widened doorways, installation of ramps, stair lifts, roll in shower in bathrooms, et cetera. We serve numerous consumers who are stuck in an upstairs bedroom and can't get downstairs to leave the house. Others have not been able to get through the doorway to their bathroom or kitchen for years. A lack of adaptive home modification services contributes to the further isolation and segregation of people with disabilities, as well as dependency on others to meet their basic needs. We ask that OHCD explore other avenues of funding the Adaptive Modification program in addition to DCED.

Although Liberty strongly advocates for integrated housing for people with disabilities, we understand that OHCD's proposed commitment of development subsidy funding to projects that have commitments of Office of Housing and Urban Development 811 financing is unfortunately segregated housing.

The HUD 811 program provides funding for buildings only for tenants with disabilities. Since HUD's 811 program has undergone major cuts and may no longer be a viable option to create additional housing, we ask that any available funds intended for the 811 development subsidy be instead targeted towards the development of affordable, accessible, permanent, integrated housing.

The Homeless Prevention program is also vitally important to maintaining low-income people with disabilities in the community. Funds to assist a renter or homeowner to bring current their rent or mortgage can prevent many more individuals and families from becoming statistics due to foreclosure, shelter entry or becoming part of the invisible homeless population that consistently moves from one friend or family's home to another, lives in their car or suffers another equally unacceptable fate.

Fuel assistance services are also of the utmost importance to preventing the homelessness, especially for persons with disabilities. According to HUD, utilities impose a disproportionate burden on the poor. For single, elderly, poor and disabled persons living on Social Security income, the average energy burden was 19 percent of their SSI. This is a number that jumps drastically higher during the winter.

Studies have also demonstrated the clear link between homelessness and utility terminations. The National Low-Income Energy Consortium conducted a study and found that households that had a member with a disability most frequently needed to abandon their homes because they could not afford to heat or cool them. Utility shut-offs are leading to not only thousands of disabled persons living without heat or electricity, but are actually leading to the loss of their homes as well.

In addition to leading to the loss of homes, utility shut-offs also stand as a barrier for moving people out of City-run shelters and into permanent housing. The Philadelphia Housing Authority currently has a policy banning individuals with overdue balances of $1,500 with PECO or PGW from moving in. This is also a policy being adopted by other subsidized and affordable housing in the City. Once utilities are shut off, between shut-off charges and finance fees, it is easy for a bill to go from 500 to $1,500. It is imperative that the City devote more resources to the prevention of utility shut-offs.

Similarly, the Basic System Repairs program and Weatherization programs help to maintain people in their homes and prevent further deterioration of our neighborhoods. Additional funds for these programs are vital for strength of our neighborhoods and community.

Lastly, on a positive note, we again applaud OHCD's requirement that ten percent of all newly constructed dwellings be designed and built as accessible units for people with physical disabilities/mobility impairments and four percent for people with hearing and vision impairments.

We acknowledge that OHCD's efforts

to address the housing crisis for low-income people with disabilities and look forward to the creation of increased housing opportunities for people with disabilities through the Housing Trust Fund.

Thank you.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

Charlotta Foster-Bay, are you here? Allison Hughes, Homeownership Counseling Association of Delaware Valley. Thank you. As you are coming forward, John Rowe, Neighborhood Energy Center Coalition.

Thank you, those three. And while they're coming forward, is Penolope Giles here, President Francisville Neighborhood Association? What about Brenda Harrison, Block Captain, 55th and Beaumont?

Ed Lynch, Utility Emergency Services Fund? No. Peggy Robertson and Diana Meyers? Vivian Vanstory, Community Land Trust Corp? And did I say Pat Bryant, Block Captain? Are you here?

After that, this is the last group that we know who are here to testify. So if there's anyone else, it will be your turn after this. We've completed our list.

Thank you. Please identify yourself and begin your testimony.

MS. FOSTER-BAY: My name is Charlotta Foster-Bay and I'd like to thank you for this opportunity and say good evening to everyone.

I don't know for sure if I'm in the right place. I didn't even know if I would get to testify today. But excuse me. I'm still kind of short of breath. I just had surgery.

The problem is, I was asked to leave my home, as many ones in Manayunk along the bike route were, but that wasn't the biggest problem. The biggest problem was, everything I ever owned, my babies' pictures, their pictures through life, all my certificates, their certificates, everything was taken. They kept everything.

I went to court for 18 months. I

contacted Nutter, the Human Relations, the Mayor, even the President. Nobody can help me. I mean, this can't be happening. I have worked for the Police Department for 23 years. I'm a hospice volunteer, biota nurse, and I have lots of commendations, and if they can do this to me, what can they do to other people? I mean, I don't have any drugs or anything in my life.

COUNCIL PRESIDENT VERNA: Would you please explain what happened to your property?

MS. FOSTER-BAY: First they said they were going to gentrify the area along the bike route and all minorities had to leave. That I knew was wrong, but I just had an accident and didn't feel up to fighting.

Anyway, I said at the eviction hearing, Just give me a little extra time until my son comes home from Girard College and he can help me move, because I can't do it myself.

And she said, Well, what will you give me?

I said, In turn, you keep the three months' security. And that means they made out better.

So one day I went to work. I came home. The door was locked. The lock had been changed and all my stuff was still inside. And when I tried to meet with -- my son had taken a job and never gotten the message, so he never showed up. She kept pretending she had a weapon. This is Nancy Noce (ph). She kept pretending she had a weapon. And then she told me exactly what to write down and sign, and, of course, I did it. But I had taken nothing. My son --

COUNCILWOMAN BLACKWELL: When was this?

MS. FOSTER-BAY: Boy, this was in 2003. And I went to court and I've been in court for 18 months and our wonderful court system tells me that's just fine. And I'm saying, there's got to be some organization that can help me. I'm just trying to be made whole again.

COUNCILWOMAN BLACKWELL: What

we will have to do -- I don't know. '03, you said, '02?

MS. FOSTER-BAY: This was in '03.

COUNCILWOMAN BLACKWELL: In '03. I don't know about --

MS. FOSTER-BAY: I went back and forth to courts for 18 months. I mean, she produced -- she said she couldn't contact me, because there was no contact.

COUNCILWOMAN BLACKWELL: What happened in court? Was it resolved in court?

MS. FOSTER-BAY: No. That's another thing I'm confused about. She said she couldn't contact me because I had changed my phone number. I produced evidence that not only was my phone number still the same then, it was still the same now, and they just ignored it.

COUNCILWOMAN BLACKWELL: Well, Ms. Foster-Bay --

MS. FOSTER-BAY: She produced bogus certificates to say that she had a writ of possession, which she didn't have, and all they told her was put it away and don't produce it again.

COUNCILWOMAN BLACKWELL: What we'll do is ask if you could -- your councilman is here, Councilman Nutter.

Perhaps you can have someone in your office look into the situation, this is a resident from Manayunk, that would be acceptable, and then all of us are happy to assist in any way we can.

MS. FOSTER-BAY: Thank you.

COUNCILWOMAN BLACKWELL: You that very much.

MS. HUGHES: Good evening, members of City Council. I'm delighted to be here to support the proposed --

COUNCILWOMAN BLACKWELL: Thank you. Please give us your name.

MS. HUGHES: -- Consolidated Plan for the Office of Housing and Community Development. My name is Allison Hughes. I'm the Executive Director of the Homeownership Counseling Association of Delaware Valley, a trade association of housing counseling agencies. We currently have 34 member agencies.

There's been a number of changes in the finance services over the past decade. We witnessed a tremendous growth in predatory lending and mortgages. We know that these mortgages carry onerous terms, excessive finance charges, unnecessary insurance coverage, high interest rates, repayment penalties and other charges. This exploitation of consumers is due to a variety of factors and is a rather complicated issue.

In 2000, we launched the HELP program, which is the Homeowner Equity Loan Preservation program. It is a rescue program for victims of predatory lending. The program is a collaboration of the Reinvestment Fund, Community Legal Services, HCA and Beneficial Savings Bank. Since its inception, we have assisted 57 families, and the program has been able to reverse the effects of predatory loans for half of these families.

Along with a new affordable loan, the homeowner who has been a victim of predatory lending receives education on financial management skills in order to prevent future unnecessary debt accumulation. They receive assistance in clearing up credit problems, help with clearing up title defects and other assistance to support their financial needs and objectives.

However, processing these applications continue to be a very time-consuming and labor-intensive project. In some instances, it may take over a year from the submission of the original application in order to get the loan in settlement. It takes time for Community Legal Services to negotiate with the existing lender to reduce the pay-off amount for the high-cost loan.

In addition, in many of these instances, the properties have a number of municipal liens and other judgments clouding the title, and these all need to be resolved before we can close the loan.

In 2003, NTI allocated 220,000 to the loan pool and established a $30,000 GAP fund, which has been utilized to assist the applicants of the HELP program in closing on their loans. The grant funds may be used to reduce or write down the loan amount in order to make the loan more affordable for the family if the family is very low income or on a fixed income.

The Reinvestment Fund, one of the collaborators in this partnership, provided an additional 220,000 to the loan pool. However, it is our belief that the extent and depth of predatory lending has not even surfaced yet. Most people with predatory loans simply are struggling to make the payments and it's not until some other crisis happens in their life that they can no longer pay the loan.

At this point, any downturn in the local economy and we'll begin to see a lot more of these predatory situations hit the surface. Therefore, we commend NTI and OHCD for allocating more funds to the Preservation fund, as well as to housing counseling.

This weekend I spent time with a person who had successfully overcome a physical disability and a drug addiction. While in transitional housing, he was encouraged to purchase a home. Having no knowledge of the home-buying process, this young man allowed the sellers to introduce him to a loan officer who handled all of his paperwork. When I sat down and looked at his documents, what I learned was that he paid $2,300 in broker fees to purchase a house that was $21,000. His monthly payment is $211 out of his $585 Social Security Disability. This $211 does not include his taxes or his insurance. He has an interest rate of 11.5 percent, and to make matters worse, he has a balloon note that will be due in 2014 in the amount of $20,570.

In addition, his documents show that he paid 2,200 in delinquent real estate taxes and a water bill for the sellers. The man who I'm talking about is not just another client but also a family member. I asked why he didn't come for help, and he said he really thought he was working with friends and he truly trusted them.

There has never been a greater need for housing counseling and education. Our residents and families are vulnerable to predatory lending, real estate and mortgage scams. On any given day, housing counselors are confronted with family after family in some type of housing crisis struggling to pay unaffordable loans, find safe housing or unable to keep up with the real estate taxes or protect their greatest asset with homeowners insurance.

HCA applauds the City's continued investment of significant resources to provide its residents with free comprehensive housing counseling. Deborah McColloch and her staff at OHCD have led the charge as we have witnessed our housing counselors mature from very basic home buyer education to now being equipped with knowledge and expertise to engage in complex negotiation with loan servicers on behalf of homeowners who are in foreclosure.

We urge the City to continue to support housing counseling to prevent foreclosure. We are currently in the midst of a foreclosure crisis. The counselors are seeing an increased number of families who have fallen behind on their mortgages and need assistance to help them make viable arrangements. Therefore, we also urge you to make funding for the Homeless Prevention program a priority in this year's budget as well.

Thank you for this opportunity to testify.

COUNCILWOMAN BLACKWELL: Thank you very much.

(Applause.)

COUNCILWOMAN BLACK: We thank you again for your patience, and thank you. Please identify yourself, Mr. Rowe.

MR. ROWE: Hi. I'm John Rowe and I represent the Coalition of Neighborhood Energy Centers. The mission of the Coalition is to ensure and expand the delivery of needed energy services to all low-income residents of Philadelphia. To accomplish this mission, the Coalition advocates for the continuation of the following three components of the NEC model: Quality and experience, leveraging other needed resources and service to the entire City.

The NEC system offers quality energy services that are available only at experienced organizations. The present system delivers a thorough analysis of a family's energy problems, devises the most appropriate approach to solve the problems and provides well-crafted solutions. The solutions often include conservation workshops, budget counseling, energy counseling and utility bill negotiations. The solutions are based upon empowering families to understand what must be accomplished to resolve problems. Both short-term and long-term solutions are proposed. This approach is available through organizations with extensive knowledge of programs.

Now, during the first ten months of fiscal year 2005, the NECs delivered energy services to over 30,000 families.

The system is comprised of

organizations capable of leveraging many other needed resources so that families may be stabilized. The present NEC system delivers a full array of these needed stabilization services. All clients are evaluated to determine what other programs are necessary to attain and to ensure stability. This is possible because the NEC is located within a full-service experienced organization.

For example, during fiscal year 2005, the NECs have enhanced the effect of delivered energy services through the direct provision of the following complementary services, and these following complementary energy services would be First-Time Homebuyers program; Default Delinquency Counseling; Homeowners Emergency Mortgage Assistance program; Individual Development Accounts, Anti-Predatory Lending; Tenant Counseling; Weatherization Assistance program; Water Conservation program; the Utility Emergency Services Fund; the WRAP program; Food, Clothing and Furniture Vouchers; Men's Support Group; Anger Management; Work Force

Development, and the list goes on.

The NEC system serves low-income families who reside in every zip code in the City. I am providing with my testimony a chart which shows that every zip code is served and the most service is provided to the residents of those zip codes who need the services the most. And the NECs always serve 30 percent to 40 percent more clients than are paid for.

So, in summary, there are insufficient funds provided to the NECs to serve all the families who are served by the NECs. And even with the funds provided, the organizations which run the NECs must subsidize their own administrative and overhead costs. The organizations do do this because of their commitments to their communities.

I thank City Council for its support and I respectfully request that funding be increased from the present $260,000 to $500,000 for the NECs to equitably fund the services being provided.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much. You've been extremely patient. Thank you.

Do we have anyone else to testify on these bills?

Please approach the witness table, if you will.

MS. SAITSCHENKO: Good evening.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record and proceed with your testimony.

MR. SAITSCHENKO: Good evening, Council President Verna. My name is Marcus Saitschenko. I'm with the Housing Association of Delaware Valley. I'm a citizen of Philadelphia residing in Councilman DiCicco's district. I sit on the Mayor's Commission on People with Disabilities, specifically on the Housing Subcommittee of that Commission and also on the Blueprint to End Homelessness. I don't have any prepared notes. My testimony is going to be very short.

The Housing Association has been in

service to your constituents for 95 years. The witnesses who preceded me exhaustively demonstrated to you the need for affordable and accessible housing. The Housing Association of Delaware Valley respectfully requests that you vote in favor of the bill creating the Affordable Housing Trust Fund.

COUNCIL PRESIDENT VERNA: Thank you very much.

(Applause.)

COUNCIL PRESIDENT VERNA: Do we have anyone else to testify on the bills that are being considered?

COUNCILWOMAN BLACKWELL: Mr. Hanna, are you in the room?

Mr. Hanna testified on the CDBG bill. For the record, he has to submit his testimony on the Housing Trust Fund. We'll allow him at this time to do that. And then are there any other witnesses in the room?

(No response.)

COUNCILWOMAN BLACKWELL: Therefore, this will be the final testimony of the day. Thank you very much.

MR. HANNA: Council President, Committee Chairwoman, given the late hour, I'll leave it to your discretion, given the late hour. I can either read this testimony into the record or I can provide you my written testimony and be done with it. It's up to you. I have absolutely no problem. I practiced last night, so I'm in pretty good shape as far as reading is concerned, but, again, I want to...

COUNCILWOMAN BLACKWELL: You, sir, are a gentleman and a scholar.

MR. HANNA: I respectfully then choose, if I can, to submit this testimony, which I'm sure has been distributed to the Councilmembers, into the record.

COUNCIL PRESIDENT VERNA: A copy should be given to the stenographer so it could be transcribed in full.

COUNCILWOMAN BLACKWELL: Thank you, and the record will reflect the entire testimony being presented.

MR. HANNA: Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you.

Is there anyone else who would like to testify?

(No response.)

MR. HANNA: One thing, for the record, I would like to say for the record is that the Administration, the Office of Housing, are wholeheartedly on board with the idea of the establishment of the Housing Trust Fund. It's something that we feel is very important. And, again, just for the record, I'd like to thank you, Councilwomen Blackwell and Blondell Reynolds Brown for your cooperation in getting the whole thing done. It's something that we worked very hard and long on, put a number of hours with the advocacy groups and the finally came to a point where we pretty much agreed on how it should be established, how the money should be spent, as well as the governing board. Thank you for your help.

COUNCILWOMAN BLACKWELL: Thank you. We would like to ask one more question, Mr. Hanna. Thank you very much for your remarks.

Should this committee decide to report these bills out and should there be an amendment, because there's a very important question that was asked to the NTI resolution that would concern funds that would be commingled, would you be amenable to us and would we be legally able to then amend these, should we report them out, amend these bills on Monday when the other hearing is held?

MS. McCOLLOCH: Yes. We can follow the amendment policy which is outlined in the Con Plan that you would pass -- it's listed in the appendices of the Consolidated Plan what our plan amendment process is. That includes an advertisement in the newspaper and taking public comment so we can amend the plan throughout the year anyway.

COUNCILWOMAN BLACKWELL: As you know, and as all of us know, we have a time crunch, so we'd like to get as much done now as possible, so that should we present amendments, we can present any amendments at a later date. That's our concern, that should there be an amendment or should someone come up and decide they would like to have something else considered, that we're able to do that.

We're pushing forward because we know we're at the end of our term and we have a time crunch.

Thank you very much. Are there any questions from members of the committee?

(No response.)

COUNCILWOMAN BLACKWELL: All right. Seeing none, that will end our hearing part of this meeting.

(Public Meeting of Committee on Housing, Neighborhood Development and the Homeless adjourned at 7:10 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on June 1, 2005, and that this is a true and correct transcript of same.

____

MICHELE L. MURPHY

RPR-Notary Public

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COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC MEETING - COMMITTEE ON HOUSING, NEIGHBORHOOD DEVELOPMENT AND THE HOMELESS

- - -

Room 400, City Hall

Philadelphia, Pennsylvania

Wednesday, June 1, 2005, 7:10 p.m.

Bills 050059 and 050294

PRESENT:
COUNCIL PRESIDENT ANNA C. VERNA
COUNCILMAN JUAN F. RAMOS
COUNCILMAN DAVID COHEN
COUNCILWOMAN DONNA REED MILLER
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN RICHARD T. MARIANO
COUNCILMAN DARRELL L. CLARKE
COUNCILWOMAN BLONDELL REYNOLDS BROWN

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Litigation Support Services
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COUNCILWOMAN BLACKWELL: We will enter into the stated meeting, and the Chair recognizes Councilman Ramos for a motion with the suspension of the rules with regard to Bill No. 050059.

COUNCILMAN RAMOS: Thank you, Madam Chair. I move that Bill No. 050059 be reported out of committee with a favorable recommendation. I further move that the rules of Council be suspended to permit first reading of this bill at our next Council meeting.

COUNCILMAN MARIANO: Second.

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 050059 be reported out of committee with a favorable recommendation and, furthermore, that the rules be suspended so as to permit first reading at our next session of Council.

All in favor will say aye.

COUNCIL MEMBERS: Aye.

COUNCILWOMAN BLACKWELL: All opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it and so the bill is reported out.

(Applause.)

COUNCILWOMAN BLACKWELL: The Chair recognizes Councilman Mariano with a motion regarding Bill 050294 and with a suspension of the rules.

COUNCILMAN MARIANO: I make amotion that Bill 050294 be voted out with a favorable recommendation and I make a motion to suspend the rules for reading at the next session of Council.

COUNCILWOMAN BROWN: Second.

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill No. 050294 be reported out of committee with a favorable recommendation and also a recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council.

All in favor will say aye.

COUNCIL MEMBERS: Aye.

COUNCILWOMAN BLACKWELL: All opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it, so both bills are reported out.

We thank you all for your patience today. It was a long hard day and we thank everyone. Thank you.

Thank you, Madam President, members of the committee and all members who are here. Thank you. Thank you all in the audience as well. Thank you.

(Public Meeting of Committee on Housing, Neighborhood Development and the Homeless adjourned at 7:15 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on June 1, 2005, and that this is a true and correct transcript of same.

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MICHELE L. MURPHY
RPR-Notary Public

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