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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING & MEETING

BEFORE THE COMMITTEE ON RULES

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- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, March 17, 1998
9:50 a.m.

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- - -
BILL 980024 - Ordinance approving redevelopment proposal of the Redevelopment Authority of the City of Philadelphia for the redevelopment of a portion of 49th and Locust Redevelopment Area, 49th and Locust Urban Renewal Area, being the area generally bounded by Walnut St. on the north, So. 50th St., and St. Bernard St. on the west; Locust St. and Spruce St. on the south; and So. 49th St. on the east; approving urban renewal plan and determining that such plan and redevelopment proposal conform to general locality plan and make adequate provision for individuals, business concerns and families who are displaced; determining the necessity for changes in and for zoning, streets, alleys, public ways, street patterns, location and relocation of public utilities; determining that urban renewal plan and redevelopment proposal prohibit discrimination because of race, color, creed, sex, sexual orientation, national origin, ancestry, or handicap; declaring that condemnation is not imminent with respect to the project, except as otherwise expressly provided for in the proposal; and declaring the redevelopment undertakings in the project to be an important part of the City's program to remove and prevent the spread of urban blight.

20 PRESENT: COUNCILMAN JAMES F. KENNEY, Chairman
 COUNCILMAN DAVID COHEN
21 COUNCILWOMAN ANNA CIBOTTA VERNA
 COUNCILWOMAN DONNA REED MILLER
22 COUNCILMAN W. THACHER LONGSTRETH

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I N D E X

Bill No. 980024	PAGE
Noel Eisenstat, Executive Director, Redevelopment Agency.	4
Blaine Stoddard, Executive Director, Partnership CDC in West Philadelphia.	13
Betty Revis, President, Walnut Hill Community Association	14

1 Committee on Rules, Bill No. 980024

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

3 COUNCILMAN KENNEY: Good morning,
4 ladies and gentlemen.

5 This is the Council Committee on Rules,
6 which will hear testimony on Bill No. 980024,
7 which is an ordinance approving the redevelopment
8 proposal of the Redevelopment Authority of the
9 City of Philadelphia for the redevelopment of a
10 portion of the 49th and Locust redevelopment area,
11 49th and Locust Urban Renewal Area, being the area
12 generally bounded by Walnut Street on the north,
13 South 50th Street, and St. Bernard Street on the
14 west; Locust Street and Spruce Street on the
15 south; and South 49th Street on the east;
16 approving the urban renewal plan and determining
17 that such plan and redevelopment proposal conform
18 to the general locality plan and make adequate
19 provision for individuals, business concerns, and
20 families who are displaced; determining the
21 necessity for changes in and for zoning, streets,
22 alleys, public ways, street patterns, location and
23 relocation of public utilities; determining that
24 the urban renewal plan and redevelopment proposal
25 prohibit discrimination because of race, color,

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2 creed, sex, sexual orientation, national origin,
3 ancestry, or handicap; declaring that condemnation
4 is not imminent with respect to the project,
5 except as otherwise expressly provided for in the
6 proposal; and declaring the redevelopment
7 undertakings in the project to be an important
8 part of the City's program to remove and prevent
9 the spread of urban blight.

10 And, Noel, identify yourself for the
11 record.

12 MR. EISENSTAT: Good morning. My name
13 is Noel Eisenstat. I'm the Executive Director of
14 the City's Redevelopment Agency. I have provided
15 you written testimony concerning Bill 980024.

16 I would just like to briefly explain my
17 testimony; that this is for the acquisition of one
18 property known as the Chatham Apartment Building.
19 This building has been vacant for numerous years.

20 And there was a proposal that the City
21 of Philadelphia, through its Office of Housing and
22 Community Development sought funding in 1993 and
23 1994 for the rehabilitation of this building,
24 which is also a part of the City of Philadelphia
25 plan for West Philadelphia published by the City

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2 Planning Commission in 1994.

3 There have been numerous attempts to
4 acquire this property through mortgage holders and
5 negotiations, which have been unsuccessful. This
6 property more recently spent considerable time in
7 bankruptcy court. And after intervention by the
8 Law Department to dismiss the bankruptcy, the
9 Redevelopment Authority and the City's Office of
10 Housing and Community Development wish to move
11 forward to acquire this property through urban
12 renewal taking.

13 At the end of the day, this property
14 will house approximately 40 units of housing and
15 be rehabilitated up to current codes and
16 standards. This property is a very specific
17 blight on a neighborhood that has undergone
18 substantial investment over the year.

19 Do you have any questions?

20 COUNCILMAN KENNEY: Thank you for your
21 testimony.

22 Who is the developer?

23 MR. EISENSTAT: The developer is
24 actually a joint venture of the Ingerman Group,
25 the West Philadelphia Partnership CDC, along with

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2 the Walnut Hill Community Association.

3 COUNCILMAN KENNEY: Fine, thank you.

4 Are there any questions for Mr.
5 Eisenstat? Councilman Cohen.

6 COUNCILMAN COHEN: What is the amount
7 of funds involved?

8 MR. EISENSTAT: The amount of funds --
9 the project, as originally proposed, which goes
10 back a few years ago and has a number of
11 components, the acquisition cost of the property
12 is, I think, around 2 to 300,000 -- I'm sorry.

13 The total development cost is about
14 \$5.4 million. The total construction cost per
15 square foot is about \$68 a square foot.
16 Construction cost per unit is about \$86,000 per
17 unit.

18 This is a relatively sound structure.
19 Although the actual -- although the building needs
20 substantial rehab, the building itself is a
21 relatively solid structure.

22 COUNCILMAN COHEN: What will be the
23 cost per unit?

24 MR. EISENSTAT: It's about \$86,000 per
25 unit.

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2 COUNCILMAN COHEN: And who is going to
3 be eligible to rent?

4 MR. EISENSTAT: Generally families and
5 individuals who meet the requirements of the low-
6 income housing tax credit, which are formula-based
7 at about 60 percent of families who make
8 approximately 50 percent of median income.

9 COUNCILMAN COHEN: Well, can you
10 specify in general terms what that means? Does a
11 family have to have an income of 20, 30,000,
12 40,000, or thereabouts?

13 MR. EISENSTAT: Those numbers change
14 annually. And I would tell you that -- I would
15 have to -- let me give you an exact schedule per
16 family. The numbers are changed annually, but I
17 would tell you it's substantially less than that.

18 I would think a family of 4, probably
19 families who make anywhere between 20 and \$27,000
20 a year. But let me get you an updated schedule
21 'cause it recently changed.

22 COUNCILMAN COHEN: That sounds like a
23 low figure. To what extent -- or is it intended
24 that the rents received will pay all of the
25 costs? Or is this a federal subsidy? And, if so,

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2 to what extent is it subsidized?

3 MR. EISENSTAT: There'll be two forms
4 of subsidy involved in this project. There'll be
5 a CDBG loan of a maximum of \$1.5 million, which
6 has been --

7 COUNCILMAN COHEN: Could you repeat
8 that figure, please.

9 MR. EISENSTAT: There are --

10 COUNCILMAN COHEN: Just the figure; I
11 heard the rest of the sentence.

12 MR. EISENSTAT: Up to \$1.5 million --

13 COUNCILMAN COHEN: Right.

14 MR. EISENSTAT: -- which would
15 represent no more than approximately 27 percent of
16 the entire development.

17 However, that number will probably be
18 adjusted because the anticipated tax credit --
19 this was based on the original analysis when we
20 initiated the project a number of years ago. To
21 offset that, the --

22 COUNCILMAN COHEN: Could we have an
23 updated analysis? I don't know what it means when
24 you say this was based on the original --

25 MR. EISENSTAT: Well, let me just --

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2 COUNCILMAN COHEN: Could I finish my
3 question --

4 MR. EISENSTAT: Sure.

5 COUNCILMAN COHEN: -- so you'll know
6 what question I'm trying to get an answer to.

7 You indicated that this project has
8 been around for a number of years so that I assume
9 that the costs have changed over the years and
10 that there must be a current update.

11 So when you talk in terms, I'd like to
12 know what that means today. Is it 1-1/2 million
13 of public funds or is it 5.4 million that's
14 involved?

15 MR. EISENSTAT: We cap our public funds
16 in projects like these at no more than 1.5
17 million. The reason that we wouldn't have a fully
18 updated schedule today is because we have no
19 capacity to inspect the buildings because we are
20 not owners of the building, and this has been a
21 relatively litigious owner.

22 We believe that --

23 COUNCILMAN COHEN: Well, who is the
24 owner of the building?

25 MR. EISENSTAT: It trades by a

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2 partnership name that I -- unfortunately it

3 escapes me. It's now. . .

4 I'd have to double-check the name.

5 It's an owner that has a history of a fair amount

6 of litigation as it relates to zoning codes and

7 property issues in the City.

8 COUNCILMAN COHEN: Perhaps I

9 misunderstood you. I understood, from what you've

10 testified to, that we've already purchased the

11 property and that the cost was something like 3 or

12 \$400,000.

13 MR. EISENSTAT: No, that's what we

14 estimate the cost will be; we have not purchased

15 the property. The purpose of today's bill before

16 Council is to allow the Authority to acquire the

17 property through an urban renewal taking process.

18 COUNCILMAN COHEN: Through what?

19 MR. EISENSTAT: An urban renewal

20 process.

21 COUNCILMAN COHEN: And what does that

22 involve?

23 MR. EISENSTAT: It involves this

24 ordinance that -- submission of a redevelopment

25 plan for this building that was adopted by the

1 Committee on Rules, Bill No. 980024
2 Redevelopment Authority, by the Planning
3 Commission, and then introduced by Councilwoman
4 Blackwell, and after consideration of a public
5 hearing, as required by the Urban Renewal
6 Statute.

7 And if Council then adopts this
8 ordinance, the Redevelopment Authority could then
9 proceed with a formal appraisal and then acquire
10 the property through eminent domain.

11 COUNCILMAN COHEN: I see. And if the
12 owner disputed the amount that was involved, he
13 could go through a court proceeding?

14 MR. EISENSTAT: He would start at a
15 Board of View hearing and would be given, under
16 State statute, a de novo or an automatic appeal to
17 a Court of Common Pleas to challenge cost. The
18 owner --

19 COUNCILMAN COHEN: But we would have
20 the right to proceed in the meantime?

21 MR. EISENSTAT: Correct, although the
22 owner could also challenge the procedural aspects
23 of the acquisition as well.

24 COUNCILMAN COHEN: Well, my questions
25 are not aimed at any opposition to the development

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2 'cause I think it's a great thing. I'm just
3 trying to find out what the financial base is.

4 MR. EISENSTAT: Yeah. Would you like
5 me to explain the rest of the federal subsidy?

6 COUNCILMAN COHEN: Yeah, please.

7 MR. EISENSTAT: There are really two
8 subsidies. There is the CDBG funds I had
9 previously mentioned, as well as the low-income
10 housing tax credits that the project applies for
11 through the Pennsylvania Housing Finance Agency.

12 The tax credits, along with the
13 subsidy, along with other equity, and a first
14 mortgage, support the total development of the
15 building, which is at about \$5.4 million.

16 COUNCILMAN COHEN: Well, perhaps, Mr.
17 Chairman, we can get additional information.

18 I have difficulty in understanding how
19 families with an income level that you've stated
20 could meet this-- you know, could meet the
21 financial test of making this work. But I'd
22 appreciate it if you could furnish to the Chairman
23 an updated explanation of how it's going to work.

24 MR. EISENSTAT: I'd be happy to.

25 COUNCILMAN KENNEY: Thank you very

1 Committee on Rules, Bill No. 980024
2 much.
3 MR. EISENSTAT: Thank you.
4 COUNCILMAN COHEN: Thank you, Mr.
5 Chair.
6 COUNCILMAN KENNEY: Thank you, Mr.
7 Cohen.
8 Are there any other questions for this
9 witness?
10 (No further questions for the witness.)
11 COUNCILMAN KENNEY: Thank you very
12 much.
13 MR. EISENSTAT: I would just like to
14 ask for the waiving of the rules.
15 COUNCILMAN KENNEY: Yes, sir.
16 The Chair calls Mr. Blaine Stoddard and
17 Betty Revis.
18 (Blaine Stoddard and Betty Revis come
19 forward.)
20 COUNCILMAN KENNEY: Good morning.
21 Would you please identify yourself for the record
22 and proceed with your testimony.
23 MR. STODDARD: My name is Blaine
24 Stoddard. I'm Executive Director of the
25 Partnership CDC in West Philadelphia.

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2 With me is Betty Revis, the President
3 of the Walnut Hill Community Association, in which
4 this property is located, the property in
5 question.

6 COUNCILMAN KENNEY: Please proceed.

7 MR. STODDARD: I did not have any
8 prepared statements today. But as the Director of
9 the Partnership CDC, we have a community strategic
10 plan that we have been working on for five years
11 in the Walnut Hill Community. That plan has been
12 accepted by the Planning Commission and by OHCD
13 (Office of Housing and Community Development) and
14 the Redevelopment Authority.

15 And in that plan, this building, the
16 Chatham, is the last remaining major vacant
17 structure in our target area, which runs from 46th
18 Street to 52nd Street, from Market to Spruce. And
19 so we support this urban renewal area. And we
20 strongly support and ask that the Rules Committee
21 approve it.

22 Just on the aside, in terms of what our
23 real estate interests are, the Partnership CDC
24 owns 4912 Locust Street, 4913 Locust Street, 216
25 South 49th Street, as well as we have other real

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2 estate interests in terms of our home ownership
3 initiatives in that area with the Office of
4 Housing and with the RDA.

5 At this point in time, even though
6 we're fixing up -- we're rehabbing most of these
7 buildings for first-time home buyers, we cannot
8 fix up some of the adjacent properties because we
9 can't sell them because of the blight that's been
10 created by this building known as the Chatham at
11 49th and Locust Streets.

12 And with that, I'll end our testimony
13 and take any questions that you might have.

14 COUNCILMAN KENNEY: Thank you very much
15 for your testimony.

16 Ms. Revis, would you like to offer
17 anything in addition to Mr. Stoddard's testimony?

18 MS. REVIS: No, nothing.

19 COUNCILMAN KENNEY: Thank you for being
20 here this morning.

21 Are there any questions from other --
22 Council Member Cohen.

23 COUNCILMAN COHEN: How long has this
24 building been vacant?

25 MR. STODDARD: I've been in the

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2 business for five years, the CDC business. Miss
3 Revis might want to answer that question. It's
4 been vacant as long as I've been around.

5 MS. REVIS: That building has been
6 vacant for approximately 15 to 20 years.

7 COUNCILMAN COHEN: Good riddance.

8 COUNCILMAN KENNEY: Thank you very
9 much.

10 Are there any other questions for these
11 witnesses?

12 COUNCILMAN COHEN: No.

13 COUNCILMAN KENNEY: Thank you very
14 much.

15 Is there anyone else in the room to
16 testify on this bill?

17 (No response.)

18 COUNCILMAN KENNEY: Seeing none, that
19 will conclude the business of the Rule Committee's
20 public hearing.

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22 COUNCILMAN COHEN: We will now convene
23 a public meeting. And the Chair recognizes
24 Councilwoman Verna for a motion on Bill No.
25 980024.

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2 COUNCILWOMAN VERNA: Thank you, Mr.

3 Chairman.

4 I move that Bill No. 980024 be reported
5 out of committee with a favorable recommendation;
6 also a recommendation that the rules of Council be
7 suspended so to as to permit first reading at our
8 next session of Council.

9 (Duly seconded).

10 COUNCILMAN KENNEY: All in favor?

11 All opposed?

12 There are none opposed. Bill No.
13 980024 will be reported out of this committee with
14 a favorable recommendation, and an additional
15 request will be made for rules suspension to allow
16 for first reading at our next Council session.

17 That concludes the business of the
18 Rules Committee. The Committee of the Whole is
19 starting shortly. Thank you.

20 (Adjourned at 9:59 a.m.)

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RE: Committee on Rules

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Bill No. 980024

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JOSEPHINE CARDILLO, RPR