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COUNCIL OF THE CITY OF PHILADELPHIA
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PUBLIC HEARING
COMMITTEE ON HOUSING, NEIGHBORHOOD DEVELOPMENT
AND THE HOMELESS

- - -
Room 400, City Hall

Philadelphia, Pennsylvania

Monday, December 13, 2004, 2:50 p.m.

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RESOLUTION 040797 - Resolution authorizing the
Committee on Housing,
Neighborhood Development and
the Homeless to conduct
hearings on the revitalization
efforts of the Philadelphia
Commercial Development
Corporation in West
Philadelphia.

PRESENT:

COUNCILWOMAN JANNIE L. BLACKWELL, Chair
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DARRELL L. CLARKE
COUNCILWOMAN DONNA REED MILLER

- - -
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3 P R O C E E D I N G S

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5 COUNCILWOMAN BLACKWELL: Thank you
6 all for your patience. Please forgive us for
7 the delay. We were talking to some
8 ministers. And I recognize who my bosses
9 are. And therefore, we're sorry that we're
10 just beginning.

11 Today's hearing is before the
12 Committee on Housing, Neighborhood
13 Development and the Homeless.

14 Having said that, just so that all
15 of you are all clear, we will have the clerk
16 read the resolution, and the resolution that
17 we're dealing with today.

18 Again, the Committee is Housing,
19 Neighborhood Development and the Homeless.
20 And the hearing we're dealing with today
21 deals with neighborhood development.

22 So we welcome you. We hope that you
23 will have something to say.

24 We know that some of you who deal
25 with various neighborhood issues may want to

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2 know that tomorrow we have a hearing on the
3 \$35 job fee at 11 o'clock. And we certainly
4 invite you to come back then. And we invite
5 you to stay and hear the hearing, decide if
6 you want to testify, and certainly to testify
7 today.

8 To my left is Councilwoman Blondell
9 Reynolds Brown; to her left, Councilman
10 Darrell Clarke, who are members of this
11 Committee.

12 And Councilman Mariano, as many of
13 you know, is sick; doing better; but is not
14 here. And we would like to let you know that
15 Resolution Number 040797 was introduced and
16 passed on September 23, 2004.

17 This examines PCDC's activities in
18 West Philadelphia.

19 The hearing was originally scheduled
20 on October 20th, but was continued because
21 our witness and the president of PCDC was out
22 of the country.

23 We rescheduled this hearing to
24 November 9th, but continued it due to the
25 proximity of the holiday and all who were

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2 being involved in dealing with turkeys and
3 holiday activities; and then again on
4 November 22nd.

5 And so, we are here today. And
6 having said that, we will ask the clerk to
7 read the formal title of the Bill.

8 THE CLERK: Resolution authorizing
9 the Committee on Housing, Neighborhood
10 Development and the Homeless to conduct
11 hearings on the revitalization efforts of the
12 Philadelphia Commercial Development
13 Corporation in West Philadelphia.

14 COUNCILWOMAN BLACKWELL: Thank you
15 very much.

16 We would now like to ask Curtis
17 Jones to come forward and to testify. He is
18 the president and C.E.O. of PCDC which is
19 Philadelphia Commercial Development
20 Corporation.

21 And we will let him introduce those
22 members who are with him who are also members
23 of PCDC, and they're all welcome to testify.

24 Thank you again all for your
25 patience and for being here.

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2 MR. JONES: Good afternoon.

3 COUNCILWOMAN BLACKWELL: Good
4 afternoon.

5 MR. JONES: Madam chairman, members
6 of City Council, my name for the record is
7 Curtis Jones, Jr. I am the President and
8 C.E.O. of the Philadelphia Commercial
9 Development Corporation, PCDC.

10 First let me apologize,
11 Councilwoman, to you and other members for
12 not being available for the first scheduled
13 hearing. As you mentioned, I was
14 representing the City of Philadelphia in
15 China, in reference to the Chinese
16 manufacturers' mall, which the City is trying
17 to solicit manufacturers to locate their
18 businesses within the City of Philadelphia,
19 creating jobs and opportunities for its
20 citizens. We were modestly successful with
21 that.

22 Also seated with me in the chambers
23 and available for questions are John Lenahan,
24 who is the vice president of lending, Aqil
25 Sabur, who is the vice president of micro

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2 lending in the Small Business Support Center,
3 and Mr. Robert Smith, who is the vice
4 president of Neighborhood Commercial
5 Revitalization.

6 My colleagues and I are here today
7 to testify and present testimony to the
8 Committee for the Homeless in accordance with
9 City Council Resolution 040797, the
10 revitalization efforts of PCDC in West
11 Philadelphia.

12 Let me start with just as
13 background: During the '60s, there was a
14 term that was developed by real estate
15 professionals. It was a theory called
16 tipping points.

17 That concept meant that when a
18 community hit 20 percent or above in a
19 transformation phase, whether it's economic
20 or racial, that the transformation at the 20
21 percent point would become rapid, and that
22 those changes would occur in a rapid
23 succession.

24 Today many communities are
25 undergoing that same process. Today that

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2 same theory of investment, where it begins
3 slow and then as it catches on and hits that
4 magic 20 percent threshold, it becomes rapid.

5 Many neighborhoods in the City of
6 Philadelphia are experiencing dramatic
7 economic change. Property values in some
8 cases have outpaced the ability of existing
9 residents who have historically lived in low
10 to moderate income areas, to sustain their
11 properties.

12 Similar for small businesses, that
13 transformation and that problem is occurring
14 more with large chain stores and franchises.

15 Public policy will determine the
16 future of the residents and the businesses in
17 that area.

18 I'd like to focus my testimony today
19 on four specific areas. Brief overview of
20 PCDC's role in West Philadelphia, you know,
21 related to the economic agenda are access to
22 capital for small businesses, providing
23 technical assistance to small businesses,
24 empowering businesses through the use of
25 technology, and reviewing our role with the

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2 business associations and serving as their
3 advocates.

4 I would like to discuss with the
5 Committee also some of the potential that
6 West Philadelphia has and review its
7 inventory of assets and liabilities for
8 development.

9 In addition, I would like to review
10 our strategies for implementation of our
11 initiatives in West Philadelphia, those that
12 we currently have, and those that may be
13 coming on line in 2005.

14 The Philadelphia Commercial
15 Development Corporation was established in
16 1974 as a quasi public, non-profit economic
17 development corporation.

18 During the past 30 years, PCDC has
19 arranged financing in excess of \$267 million
20 for more than 2500 businesses. That total,
21 of which we approved personally -- not
22 personally but our corporation -- \$90
23 million.

24 Many of these businesses that
25 received assistance are small, disadvantaged

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2 businesses, and are 100 percent when it comes
3 to West Philadelphia neighborhood based
4 businesses.

5 In our majority lending program
6 which is the Small Business Revolving Loan
7 Fund, SBRLF, we have completed 54 projects,
8 totaling \$3,895,000, 70 percent to minority
9 firms, 100 percent to neighborhood based
10 businesses. We've provided, Councilwoman, a
11 list of those businesses enclosed in your
12 briefing packet.

13 In addition, our micro loan program
14 has completed 35 projects, totaling \$1.2
15 million of capital. And remember, these
16 injections, infusions of capital are \$35,000
17 or less. The average size is about \$10,000,
18 usually less than that.

19 From the Small Business
20 Administration we've been able to do five
21 projects totaling \$390,000.

22 Through PCDC'S loan program, we have
23 provided additional private financing, by way
24 of packaging to banks, not using any
25 government collars. These are not reflected,

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2 not reflected in these numbers

3 Finally, through P.H.A.,
4 Philadelphia Housing Authority, we've started
5 a new initiative working with P.H.A. based
6 businesses. And we've done nine deals
7 through them, totaling \$200,000.

8 Through all of these loan programs,
9 we have settled \$4,732,000 to businesses in
10 West Philadelphia.

11 Just to recap, SBRLF, Small Business
12 Revolving Loan Fund, 54 deals, \$3.8 million;
13 micro loans, 15 deals, about a quarter of a
14 million dollars; SBA, five deals, \$390,000;
15 PHA, nine deals, \$200,000; total, \$4.7
16 million.

17 When it comes to neighborhood
18 commercial revitalization, which is our
19 corridor activity, our neighborhood
20 commercial corridor division is responsible
21 for 43 corridors throughout the City of
22 Philadelphia.

23 Over the last two years, we have
24 provided grants to businesses which have
25 totaled \$177,000 for storefront improvement.

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2 Our capital improvement program has done
3 \$726,000. And our corridors are in that
4 area: 40th Street, 60th Street, 52nd Street,
5 and Baltimore Avenue.

6 Through our Acquisition Grant
7 Program we've provided an additional
8 \$144,000. Now, keep in mind we can only do
9 the ceiling, \$25,000. That's for a
10 non-profit to acquire a commercial property
11 that they can renovate, sell or rent.

12 The 10 West Philadelphia
13 corridors -- and this is an important
14 statistic -- generate 23 percent of the total
15 of \$180 million in gross sales.

16 PCDC has provided web site
17 assistance, internet assistance to various
18 commercial corridors around the City of
19 Philadelphia, particularly to 40th Street,
20 52nd Street, 60th Street and Lancaster
21 Avenue.

22 In addition, PCDC has provided
23 technical assistance to 48 individual
24 businesses. And I want to make a note that
25 through Councilwoman Blackwell's

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2 intervention, when it comes to the S.E.P.T.A.
3 project, we were able to work with her to
4 disburse additional capital to some of those
5 distressed businesses out there. And we want
6 to applaud her for her working with those
7 businesses.

8 And a list of those companies are
9 also in the packet provided to you,
10 Councilwoman.

11 Over the years, PCDC has
12 participated in dozens of clean-ups, dozens
13 of promotions -- including parades, workshops
14 and others -- to help stimulate activity in
15 the West Philadelphia area.

16 So what are the economic development
17 challenges for West Philadelphia? Well, we
18 have taken an inventory of some of the
19 strengths and weaknesses, and plan to use
20 that good information, that data, to make
21 good information and better programs working
22 with City Council.

23 West Philadelphia has approximately
24 220,000 people. It represents about 14.2
25 square miles. The mean household income in

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2 that area is \$20,000, compared to \$60,000 for
3 the average income of citizen's households in
4 the eight-county area.

5 West Philadelphia has -- and that's
6 a good point -- 58 percent home ownership.
7 58 percent home ownership. West Philadelphia
8 represents about -- their population, about
9 57.4 percent African Americans.

10 The average home in West
11 Philadelphia was built in the 1930's.

12 West Philadelphia has a large park
13 system. West Philadelphia has dozens of
14 major institutions, including hospitals and
15 universities, which serve as a potential for
16 economic development.

17 One of the down sides is that we've
18 lost over the past decades 27 percent
19 population. And that's clear, when it comes
20 to some of our commercial corridors and some
21 of the business that they're able to generate
22 from customers.

23 West Philadelphia enjoys access to
24 major transportation, such as S.E.P.T.A.
25 West Philadelphia property values are under

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2 valued, compared to Boston, Washington, D.C.
3 and other major metropolitan areas.

4 Ten percent of the City's work force
5 resides in West Philadelphia. 67 percent of
6 that work force is in health and education, 6
7 percent unemployment.

8 West Philadelphia over the past
9 years has done only 223 new housing starts in
10 that area.

11 So what are the opportunities, based
12 on this data? Well, first of all, we got to
13 give a lot of kudos to your housing efforts
14 to start new homes in the West Philadelphia
15 area. Clearly, without new housing starts,
16 we won't be able to attract businesses.

17 West Philadelphia's ten commercial
18 corridors, again, generate \$180 million in
19 gross sales.

20 We need to create incentives for
21 mixed use development. And this is a very
22 important point. And I use the example of
23 Germantown Avenue. If you look at Germantown
24 Avenue, going from Chestnut Hill, all the way
25 down to Nicetown, what you'll note is that

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2 the larger -- the better part of, more
3 prosperous part, has mixed use development,
4 meaning commercial downstairs and residential
5 upstairs.

6 We need to mimic that and get more
7 residents into the second floors of those
8 commercial establishments. And that's an
9 important point, because when you begin to
10 look at a thing differently, you begin to
11 change that thing.

12 We've got to look at these assets
13 and start to consider them assets as, opposed
14 to liabilities, and take advantage of them.

15 So what else can we do? We need to
16 work to develop joint ventures with
17 international companies to create job
18 opportunities.

19 I mentioned earlier the trip to
20 China and the manufacturers mall. The part
21 that is intriguing for this city is that
22 based on immigration, they can only bring
23 over a C.E.O. and a key manager. The rest of
24 that employment has to come from the local
25 population. And that is a potential source

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2 of jobs for the City of Philadelphia.

3 We need to work better with our
4 agencies, such as the Minority Business
5 Enterprise Council, PIDC, the Philadelphia
6 Housing Authority, to create business
7 contract opportunities for the small
8 businesses that we are funding.

9 We need to develop and increase the
10 development of strip malls these areas and
11 shopping areas. We need to stop the gateway
12 leaking.

13 And what do I mean by that? We're
14 losing a lot of our customer base. There's a
15 lot of income in these areas, but we're
16 losing it to Baltimore Pike. We're losing to
17 it Cherry Hill. We're losing it to areas
18 outside of the City of Philadelphia.

19 And our money, we need to kind of
20 generate means for people to shop in the
21 neighborhoods. And that is why we support
22 every year Spend the Holidays in your
23 Neighborhood Campaign. We view that as a
24 vital, vital strategic message that we send
25 out to consumers.

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2 Something that the International
3 Council of Shopping Centers said. They
4 conducted a study of a thousand companies.
5 And they said that in that study, that 93
6 percent of the respondents said that the
7 inner cities were an important market
8 opportunity, but only a quarter of them
9 responded that they were currently doing
10 business in inner cities.

11 The ICSC also said that the cities,
12 inner cities, needed to do a better job of
13 marketing those opportunities and attracting
14 them to the inner city.

15 We agree with that. And again,
16 that's why we think those kinds of
17 opportunities to showcase our neighborhoods
18 are important.

19 On Cecil B. Moore, that jazz
20 festival did a lot more than just bring
21 entertainment to areas. That jazz festival
22 showcased the best side of what the Avenue
23 could be.

24 And we encourage those kinds of
25 activities all the time.

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2 We need to develop coalitions with
3 S.E.P.T.A., American cities, the Empowerment
4 Zones, to create shopping centers in and
5 coordinate our work, to create shopping
6 centers that are vibrant.

7 And one of the charts you'll see is
8 that one of the major problems that we have
9 is those railroad trestles that run through
10 our community, that serve as monuments of the
11 rust belt.

12 And until we really start
13 approaching them and holding them accountable
14 for that infrastructure that runs through our
15 community, it will further continue to
16 encourage blight.

17 We need to develop and we applaud
18 Councilwoman Blackwell's efforts to create
19 pedestrian pathways within walking areas
20 within the Mantua area. We think that's a
21 real good idea to improve the quality of life
22 of people who live there.

23 We want to continue to provide
24 technical assistance to businesses, CDC's,
25 through the use of technology.

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2 One of the things that we find in
3 our travels -- And Councilwoman Miller has
4 been a part of us hotwiring some of the
5 commercial corridors and providing
6 teleconferencing centers.

7 When we went through there and did
8 an inventory of what they believed technology
9 was, the number -- the mean use of technology
10 was a calculator and a cash register.

11 Well, they can't be competitive
12 nationally, and now internationally, if they
13 hold that as the highest level of technology
14 that small businesses on average are using.

15 So, we've worked aggressively to
16 work with the Federal Government, to attract
17 money to help them improve their technology
18 infrastructure. And we'll talk about that a
19 little later.

20 We need to work with the Parking
21 Authority, obviously, to deal with congestion
22 in our commercial corridors.

23 We need to work with public
24 utilities, to create some rhyme and reason to
25 some of the infrastructure repair that is

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2 killing some of the small businesses in
3 neighborhood corridors.

4 We need to negotiate and work better
5 with the Neighborhood Transformation
6 Initiative, to figure out what they're doing,
7 so that we can meet them at the crossroads,
8 so that we can make sure that once the
9 housing agenda is done, that also the
10 commercial and retail agenda is under way.

11 We need to hold private property
12 owners accountable for some of the blight
13 that they allow to exist in our commercial
14 corridors.

15 We need to spend more than seven
16 percent on economic development out of our
17 total CDBG budget.

18 West Philadelphia, in particular we
19 need to look at how we reclassify some of the
20 buildings there, some of the land there, so
21 that we can get more commercial use.

22 I sincerely believe that West
23 Philadelphia is the next big thing.

24 North Philadelphia has experienced
25 some of that growth and some prosperity in

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2 key areas.

3 But we believe sincerely, that with
4 the right coalitions, with the right working
5 relationship with City Council, that West
6 Philadelphia will be the next big thing.

7 PCDC is working closer with state
8 and Federal Government --

9 COUNCILMAN CLARKE: Madam Chair.

10 MR. JONES: Yes.

11 COUNCILMAN CLARKE: Madam Chair.

12 COUNCILWOMAN BLACKWELL: Yes.

13 COUNCILMAN CLARKE: You're not
14 telling me you're ready to abandon North
15 Philadelphia, are you?

16 MR. JONES: No. This hearing is
17 about West Philadelphia. If you want me to
18 specifically speak to North Philadelphia, we
19 can.

20 COUNCILMAN CLARKE: All right. No.
21 You said that... You kind of implied that
22 we've done enough in North Philly.

23 MR. JONES: Absolutely not.

24 COUNCILMAN CLARKE: Now it's time to
25 go to West Philly.

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2 MR. JONES: Absolutely not.

3 COUNCILMAN CLARKE: I just wanted to
4 clarify.

5 THE WITNESS: No. For the record,
6 we would never abandon our friends in North
7 Philadelphia.

8 COUNCILMAN CLARKE: Okay. All right
9 Thank you, Madam Chair.

10 THE WITNESS: All right.

11 COUNCILWOMAN BLACKWELL:
12 Councilwoman Miller, who's also here.

13 THE WITNESS: Yes. And that goes
14 for Germantown as well.

15 COUNCILWOMAN MILLER: That's all I
16 wanted to hear you say.

17 THE WITNESS: All right.

18 COUNCILWOMAN MILLER: Not just
19 Germantown. I mean, we have a viable strip,
20 as you mentioned earlier, on Germantown
21 Avenue, all the way down to Nicetown from
22 Chestnut Hill. And then we have our other
23 strips, Broad and Olney, Lower Germantown, et
24 cetera, et cetera. So... And I think you're
25 doing a good job there.

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2 MR. JONES: Thank you, Councilwoman.

3 One of the things that I would
4 mention -- and I'm coming to the conclusion
5 here -- is that obviously work force
6 development is an integral part of economic
7 development.

8 And we need to work with PWDC, but
9 we also need to remember that what we're
10 seeing is a demographic. And the good news,
11 as was mentioned in a previous hearing, is
12 that retailers are rediscovering the inner
13 city. They are coming back.

14 The bad news -- The potential bad
15 news is that, just like in our corridor when
16 we had it in Manayunk, 98 percent of the
17 businesses that were there when we started
18 development are no longer there.

19 So, we have to be particularly
20 mindful of how we do that development, to
21 save some of the neighborhood businesses, and
22 not just have franchises and CVS's, even we
23 though we appreciate their contribution --
24 but the character, the flavor of inner city
25 commercial corridors is in the individual,

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2 family-owned business. That's it's strength.
3 That's it's character. And we want to work
4 on those kinds of coalitions.

5 Again, we applaud the efforts of
6 Councilwoman Blackwell and this Committee for
7 bringing us here and making sure that we
8 connect to the total City efforts.

9 And with that, we thank you very
10 much.

11 COUNCILWOMAN BLACKWELL: Absolutely.
12 Some preliminary questions.

13 We'd like to know what PCDC's
14 mandate is and who monitors your
15 organizations activities.

16 We'd like to know how often your
17 board meets, and whether or not these are
18 public meetings.

19 That kind of gets to the parameters
20 of who PCDC is, what it does, and what it's
21 mandated to do.

22 MR. JONES: Okay. You're going to
23 have to help me with some of the questions.
24 There were several. Our mission is to
25 revitalize neighborhoods, low and moderate

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2 income neighborhoods, and to do so through
3 the development of small businesses, to be
4 succinct.

5 We meet at least seven times a year.
6 Our board meets seven times a year.

7 We are monitored by both City
8 Council, the Commerce Department, the Federal
9 Government, and our private funders, so we
10 are monitored by all of the people who kind
11 of contribute to that.

12 There was another.

13 COUNCILWOMAN BLACKWELL: By what
14 entity or... We understand you are a quasi
15 public entity. Or are you a quasi public
16 entity or separate non-profit? And what
17 allows you to receive funding from city,
18 state and federal authorities.

19 MR. JONES: Technically, we are a
20 non-profit, just like any other non-profit.
21 We have an independent, self-electing board.

22 But the reality of it is, 80 percent
23 of our money comes from a contract with the
24 City of Philadelphia. So, you're our boss.
25 I mean, technically we're independent.

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2 Practically, we work for you.

3 COUNCILWOMAN BLACKWELL: How many
4 people work for PCDC? And would you provide
5 us with their titles and job
6 responsibilities?

7 MR. JONES: Yes, I will provide
8 that. I can give you the number now. 38.

9 COUNCILWOMAN BLACKWELL: And what's
10 your budget?

11 MR. JONES: Well, it depends. Well,
12 it's \$3.2 million.

13 COUNCILWOMAN BLACKWELL: Now, how
14 does advertising fit in that?

15 As you know, I've had a big issue
16 with banners. And you know, PCDC advertises
17 in newspapers, prints brochures, does
18 banners, advertises for various
19 organizations, individuals or businesses.
20 What part of your budget is that and how are
21 those decisions made?

22 MR. JONES: There are several
23 sources that we use for advertising. One is
24 the official CDBG portion of advertising, but
25 wherever you see an initiative like, spend

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2 the holidays in your neighborhoods, those are
3 funds that we raise independently from that
4 budget.

5 We also get money -- We have got
6 some advertising out of a grant. I mentioned
7 that 80 percent of our budget comes from the
8 City.

9 Another portion of our budget
10 actually comes from the Federal Government,
11 where we were mandated to advertise, for
12 example, those web sites that you see. And
13 those banners were paid for out of that.

14 So, what we were actually trying to
15 do was encourage people to look to the
16 internet, to start to participate with small
17 businesses in the area.

18 And those decisions were made -- And
19 I take full responsibility for the error in
20 the marketing of those web sites.

21 COUNCILWOMAN BLACKWELL: Well, you
22 know, that's a big issue with us. If you say
23 80 percent of your money comes from the City,
24 and then the City Council then conceivably
25 has a major responsibility to monitor what

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2 you do, we really take offense to not being
3 included in your decisions.

4 I mean, an elected official
5 shouldn't get up and see that a person who's
6 against the neighborhood is funded to the
7 tune of \$75,000 to start up a business or
8 that PCDC has banners up reorganizing
9 neighborhood groups, and calling for not only
10 reorganizing them: Renaming them,
11 reorganizing them, and conducting elections.

12 How can you do that, and then expect
13 us, as 80 percent funders, to support your
14 activities and not question it?

15 MR. JONES: It was a mistake of my
16 head and not my heart, not my intention to
17 cause you or any -- or disrespect this
18 Council.

19 I've worked in government -- not as
20 long as you -- but 20 years. And if that was
21 the impact, that was not the intent. It was
22 not the intent. And I want to say that for
23 the record.

24 COUNCILWOMAN BLACKWELL: Yeah. I
25 don't understand.

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2 What was the intention? Why would
3 you -- We'd like to know how commercial
4 corridors are chosen.

5 I have 52nd Street, 60th, Baltimore
6 Avenue, Lancaster Avenue, Chester Avenue,
7 Woodland Avenue, Spruce Street.

8 How were commercial corridors chosen
9 to receive funding, and what criteria do you
10 use? I only mentioned mine. The
11 Councilwoman has Germantown Avenue.
12 Councilman Clarke has Cecil B. Moore Avenue.

13 And we know years ago, because we
14 tried to get another store, the Company
15 Store. We tried to get one out in West
16 Philadelphia when Wynnefield was still alive,
17 for a long time.

18 We want to know who picks these
19 projects, who picks corridors, and under what
20 criteria are they chosen.

21 MR. JONES: I'd like my vice
22 president for NCR, who has been with the
23 corporation now how long?

24 MR. SMITH: 22 years.

25 MR. JONES: 22 years. This is Mr.

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2 Robert Smith.

3 MR. SMITH: Good afternoon.

4 COUNCILWOMAN BLACKWELL: Good
5 afternoon.

6 MR. SMITH: It has been the policy
7 of PCDC to receive the corridors basically
8 from the Commerce Department.

9 It was our understanding that the
10 Commerce Department had talked with the
11 different Council people and designated --
12 and determined what corridors would be
13 designated for PCDC to service.

14 The criteria... The previous
15 criteria had to do with a business area had
16 to have at least 55 percent of the active
17 businesses in that designated area had to
18 already be part of some type of formal
19 business association.

20 We used to pretty much follow that
21 rule, up until about eight or nine years ago.
22 And from that point, corridors are basically
23 just designated to us through the Commerce
24 Department.

25 MR. JONES: One other point, that

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2 they have to fit a criteria of low and mod
3 income, based on the census data. That's
4 another criteria for that, meaning that the
5 surrounding census tracts had to fall within
6 that.

7 COUNCILWOMAN BLACKWELL: Well, I am
8 happy to say that I'm looking at Councilwoman
9 Miller, who concurs with me, and Councilman
10 Clarke. Councilwoman Blondell Reynolds Brown
11 is at-large.

12 Nobody confers with us on which
13 corridors are picked. That does not mean
14 that we don't want those who are getting
15 treated to be treated.

16 But, you know, it's very disparaging
17 when somebody makes decisions and groups are
18 funded.

19 You know, I'm looking through this
20 book, and I don't have any problem with it
21 when it's out of my district, but one of my
22 former opponents had opened a store right
23 after I was run against in an election. Come
24 on, now. Politics is in everything we do.
25 And we feel that if we fund it, then we have

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2 a right to know what we fund and what we're
3 paying for. And it disturbs us.

4 You mentioned that CDBG is seven
5 percent of your budget. We contact CDBG
6 about corridors when we talk about it, but
7 that's our only opportunity for input,
8 really, in commercial corridors. But
9 Commerce doesn't work with us in that
10 regards.

11 MR. JONES: Councilwoman, if I may,
12 two things:

13 One, when we deal with CDBG
14 dollars -- and I've been accused of having
15 some understanding of politics, but obviously
16 not enough. But let me say this: When we
17 deal with CDBG dollars and the application of
18 these programs, I don't make any political
19 distinctions.

20 Some of my best friends are elected.
21 But when people come into the office, I
22 don't -- I really don't check --

23 COUNCILWOMAN BLACKWELL: Well,
24 obviously we don't get to check either.

25 MR. JONES: No; but I apologize for

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2 that.

3 But what we can not do is make a
4 distinction. If this is a good project, I'm
5 obligated to fund it.

6 COUNCILWOMAN BROWN: Clarification.
7 What percentage of the dollars are CDBG
8 dollars, 80 percent?

9 MR. JONES: 80 percent, not 7
10 percent. 80.

11 COUNCILWOMAN BROWN: 80 percent are
12 City dollars.

13 MR. JONES: Yes.

14 COUNCILWOMAN BROWN: Correct?

15 MR. JONES: Correct.

16 COUNCILWOMAN BROWN: Because you
17 shook your head when Council Chairwoman
18 Blackwell misquoted. I thought the
19 percentage --

20 MR. JONES: Yes.

21 COUNCILWOMAN BLACKWELL: But I don't
22 mean CDBG per se.

23 I'm saying that if businesses come
24 to you, you say that generally, until seven
25 or eight years ago, you dealt with 55 percent

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2 of it being active businesses, who were part
3 of an association.

4 MR. SMITH: Yes.

5 COUNCILWOMAN BLACKWELL: Well, that
6 was until eight or nine years ago. So, that
7 means there is apparently no criteria, or
8 whatever criteria, somebody in PCDC
9 determines at the time about who they want to
10 fund. That's just not good enough.

11 There's an association. I went and
12 spoke before a meeting BAWP, Business
13 Association of West Parkside.

14 When I got to the meeting, I
15 found -- This was approximately... I don't
16 know... maybe two or three months ago, there
17 were people there from the 2nd, 3rd and 4th
18 Councilmanic Districts.

19 As soon as I got there, I realized
20 that I was dealing not only with my District,
21 and so whatever I said wouldn't necessarily
22 apply to my people. So, I was very careful.

23 But my point of it is, this also was
24 another organization, like the 52nd Street
25 New Arts and Business organization, that was

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2 formed, that Bob Fulton was chairing. And
3 you had people from, again, 2nd, 3rd and 4th
4 Districts, and an election -- a new group, a
5 new election, a new organization.

6 I mean, how can you -- And, of
7 course, I immediately told them I couldn't
8 speak for my colleagues and two other
9 districts; and that, you know, how can you
10 folks come up with new organizations around
11 the City, and not deal with us, and expect us
12 to fund the freight?

13 I mention that as another
14 organization. And the two instances I
15 mentioned and organizations I mentioned are
16 issues that nobody told me about, but issues
17 in which I have been involved and issues that
18 I am sure about.

19 I ask you again about BAWP. How can
20 you again form another organization dealing
21 with three Districts, and expect us to fund
22 whatever it is and conduct elections?

23 MR. JONES: For the record, we
24 didn't do it.

25 COUNCILWOMAN BLACKWELL: Well, Bob

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2 Fulton said you did.

3 MR. JONES: Bob Fulton, for the
4 record, works for the Commerce Department.

5 The only interaction I've had with
6 that coalition of businesses is when Mr.
7 Fulton invited me to speak.

8 And when I found out that that was
9 not necessarily something that the
10 administration was supporting, I refused to
11 go. And again, I didn't organize them.

12 From time to time, I get invited to
13 public events. I did not check. I said,
14 okay. When I found out that that was not the
15 thing to do, I didn't participate.

16 But Bob Fulton clearly does not work
17 for PCDC. Bob Fulton works for the Commerce
18 Department.

19 COUNCILWOMAN BLACKWELL: All right.
20 Well, okay. He works for your department,
21 not your agency.

22 MR. JONES: He doesn't work... No,
23 he does not work with or for PCDC. He works
24 for the Commerce Department.

25 COUNCILWOMAN BLACKWELL: Is PCDC

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2 under Commerce Department?

3 MR. JONES: Yes.

4 COUNCILWOMAN BLACKWELL: Thank you.

5 MR. JONES: We have a contract with
6 them, a contract. We're separate.

7 COUNCILWOMAN BROWN: Who does Mr.
8 Fulton report to?

9 MR. JONES: He reports to Mr.
10 Traylor and the Commerce Director. He
11 doesn't report to me.

12 COUNCILWOMAN BROWN: And to your
13 best knowledge, where is he housed? Where is
14 his desk?

15 MR. JONES: 12th Floor of 1400?
16 What is it? 1700?

17 MR. SMITH: 1717 Arch.

18 MR. JONES: 1717 Arch.

19 COUNCILWOMAN BLACKWELL: Well, who
20 do you report to?

21 MR. JONES: I report to my board and
22 to you.

23 COUNCILWOMAN BLACKWELL: You don't
24 report to Mr. Traylor or to the Commerce
25 Director.

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2 MR. JONES: Technically, no.

3 COUNCILWOMAN BLACKWELL: Okay.

4 MR. JONES: But I do actually
5 interact with them. They're on my board.
6 Technically -- There's two -- The reality --
7 Like I said, the reality is, 80 percent of
8 our funding comes from them. So, I report to
9 them. By way of the way we're organized, we
10 were organized to be semi-autonomous.

11 COUNCILWOMAN BROWN: So you execute
12 policy --

13 MR. JONES: Absolutely.

14 COUNCILWOMAN BROWN: -- as dictated
15 by your board of directors.

16 MR. JONES: Yes.

17 COUNCILWOMAN BLACKWELL: Who's on
18 your board of directors?

19 MR. JONES: We have a full list that
20 we will provide you.

21 COUNCILWOMAN BLACKWELL: How many
22 people are there?

23 MR. JONES: 35. 35. Or so.

24 COUNCILWOMAN BROWN: And the
25 chairman of your board is?

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2 MR. JONES: Jerry Walker.

3 COUNCILWOMAN BROWN: Okay.

4 MR. JONES: Former Commerce
5 Director.

6 COUNCILWOMAN MILLER: So is Bob
7 Fulton with the Mayor's Business Action Team?

8 MR. JONES: Yes. That's who they
9 work for. They don't work for me.

10 COUNCILWOMAN BLACKWELL: All right.
11 Well, Bob Fulton sure enough mentioned you.

12 MR. JONES: He may have, but I would
13 not --

14 COUNCILWOMAN BLACKWELL: He said he
15 had taken his lead from you, in also
16 establishing another organization, with
17 another elected board and another community
18 entity. He compared the two as the same kind
19 of organization, and it is what you all were
20 doing.

21 MR. JONES: Councilwoman, I'm on the
22 record here. He does not work for me. He
23 did not ask me to organize this. I don't
24 know what he was -- why he would even say
25 that. I'm telling you: We didn't organize

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2 that entity.

3 Now, the 52nd Street one, yes. That
4 West Philadelphia coalition? No.

5 COUNCILWOMAN BLACKWELL: Do you have
6 the same board that you had in '03?

7 MR. JONES: No. It's changed
8 slightly.

9 COUNCILWOMAN BLACKWELL: And you
10 meet how often with your board?

11 MR. JONES: Seven times a year.

12 COUNCILWOMAN BLACKWELL: So that
13 means you meet about every other...

14 MR. JONES: Month, yes, ma'am.

15 COUNCILWOMAN BLACKWELL: So you meet
16 about every other month with the board.

17 And these are the people to whom you
18 report. So you don't report to Mgenzi
19 Traylor or to the Commerce Director.

20 MR. JONES: I've worked with and
21 worked for, yes, the Commerce Department.
22 Not technically.

23 COUNCILWOMAN BLACKWELL: I have no
24 idea what that means.

25 MR. JONES: What it means is that we

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2 have a contract, but the board I report to is
3 the board of PCDC.
4 COUNCILWOMAN BLACKWELL: Councilman.
5 Clarke.
6 COUNCILMAN CLARKE: Thank you.
7 Are you comparable to PHDC?
8 MR. JONES: Yes.
9 COUNCILMAN CLARKE: Except you're
10 dealing with businesses.
11 MR. JONES: Pardon me? Yes.
12 COUNCILMAN CLARKE: Except your
13 dealing with businesses, as opposed to
14 housing.
15 MR. JONES: Correct.
16 COUNCILMAN CLARKE: So it's wildly
17 believed that Tony MacIntosh, who heads PHDC,
18 works for the City.
19 MR. JONES: Yes.
20 COUNCILMAN CLARKE: Although
21 technically he doesn't.
22 MR. JONES: Correct.
23 COUNCILMAN CLARKE: So you
24 understand why people believe technically --
25 MR. JONES: Yes.

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2 COUNCILMAN CLARKE: Well, their
3 perception is that you work for the City and
4 you report directly to the Commerce
5 Department.

6 MR. JONES: Correct.

7 COUNCILMAN CLARKE: Although
8 technically that's not the case.

9 MR. JONES: Yes.

10 COUNCILMAN CLARKE: So sometimes
11 perception is reality --

12 MR. JONES: Absolutely.

13 COUNCILMAN CLARKE: Particularly
14 when dealing in this realm.

15 MR. JONES: Yes.

16 COUNCILMAN CLARKE: So while we
17 understand technically you don't work for the
18 City --

19 MR. JONES: I do. I mean, 80
20 percent of my money comes from you guys. I
21 work for you.

22 COUNCILMAN CLARKE: Okay. Sorry.
23 So I just wanted to clarify that. I mean,
24 the questions, you know, from a technical
25 perspective may not be correct, but the

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2 reality is when there's administration
3 testimony during our budget hearings from the
4 Commerce Department, you're sitting there
5 along Mgenzi Traylor and Miss Naidoff. So
6 the natural assumption is that you're a
7 member of the City's administration.

8 MR. JONES: For the last 13 years,
9 yes.

10 COUNCILMAN CLARKE: All right.
11 Okay.

12 COUNCILWOMAN BLACKWELL: Well, then,
13 are you unionized, as are his? We've met
14 with their people when they have union
15 problems. So which union are you a part of?

16 MR. JONES: They are District
17 Council 47.

18 COUNCILWOMAN BLACKWELL: Okay. So,
19 well... Okay. Then when you pick businesses
20 such as are listed in this book, does your
21 board okay them?

22 MR. JONES: Yes, a subset of the
23 board, which is the Director's Loan
24 Committee, meets and evaluates the business
25 proposal, made up usually of a banker and

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2 myself and another party.

3 COUNCILWOMAN BROWN: For
4 informational purposes, you say that 80
5 percent of your funding comes from the City.
6 Break down for us, if you would, the balance
7 of 20 percent. Where does it come from?

8 MR. JONES: The Federal Government,
9 SBA; PMBDA, Pennsylvania Minority Business
10 Development Authority; different grants that
11 we've applied for, private foundations.

12 COUNCILWOMAN BROWN: And the dollars
13 in question that were used for advertising,
14 those dollars came from where?

15 MR. JONES: For the banners in
16 question?

17 COUNCILWOMAN BROWN: Yes.

18 MR. JONES: They came from the
19 Federal Government's technology grant to us,
20 SBA.

21 COUNCILWOMAN BROWN: I see. Just
22 for my own information, to give a little bit
23 of discussion of programs, on Page 5 of your
24 testimony you've discussed briefly
25 neighborhood railroad trestles and how

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2 they -- We know the role they play in blight.
3 But what potential exists if we as a City
4 could move towards getting rid of them?
5 MR. JONES: May I approach the...
6 COUNCILWOMAN BROWN: Please.
7 COUNCILWOMAN BLACKWELL: And while
8 he is approaching, I will note that we found
9 a board of directors list dated '03. And
10 I'll only mention a few names that some
11 people may be aware of because they're
12 active, like Barbara Shabo, President of
13 Advantage; Reverend Campbell from Mount
14 Carmel Baptist Church; Floyd Austin, Beech
15 Corporation; Jerry Walker, President of
16 Walker Communications; David Wang, President
17 of Asia America; Lavina Marshall Blake,
18 Independence Blue Cross; and, of course,
19 yourself and Mgenzi Traylor; Greg Ross from
20 Temple. Just a few people that some people
21 may know. And Mike Driscoll at Finnegan's
22 Wake, with whom I'm working with on stop and
23 gos. Donna Frisbee Greenwood, Executive
24 Director of Inner City Games. That's just a
25 few names from an '03 list.

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2 COUNCILWOMAN BROWN: Okay.

3 MR. JONES: Particularly talking
4 about... One of the things that we found to
5 be disturbing is, for example, this railroad
6 trestle at 82nd and Lancaster Avenue --

7 COUNCILWOMAN BROWN: And that is in
8 Councilwoman Blackwell's or Councilman
9 Nutter? Help me out. I'm not clear about
10 the boundaries.

11 COUNCILWOMAN BLACKWELL: Yes.
12 That's our dividing line.

13 COUNCILWOMAN BROWN: Okay.

14 MR. JONES: One of the things that
15 when we talked to developers, because as you
16 know, we funded the developer at 56th and
17 Lancaster, the shopping center there.

18 We funded a number of businesses
19 along there. We've also paid very close
20 attention to what State Representative Bisher
21 and her organization up there had to say
22 about the Lancaster Avenue corridor.

23 To a developer, they asked about...
24 To a developer they asked about what the
25 disposition was, what the plan for that

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2 particular station was.

3 And when we start to look at people
4 who are investing their life savings and
5 sometimes their personal property, you know,
6 it seems to me that we need to hold the
7 Federal Government a bit more accountable.

8 Now, I understand, through my own
9 research, that Congressman Fattah has
10 appropriated some money for the restoration
11 of that particular stop; the money has been
12 appropriated for it.

13 COUNCILWOMAN BROWN: Well, in
14 instances like that, procedurally, what then
15 happens with the connect, with the... You
16 mentioned the state rep with the city rep,
17 because I think that that's the core of the
18 issue, to ensure that the City Council member
19 is then in the loop of information.

20 MR. JONES: I'm glad you brought
21 that out. One of the main reasons that I'm
22 glad to be here is because insanity is to
23 repeat the same thing over and over again.

24 I do not want to offend this Council
25 not another time. So what I hope to come out

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2 of this is a communications process that
3 allows me to let you know what we're trying
4 to do, and you to tell us what you need done,
5 and so that we can avoid this kind of thing.

6 COUNCILWOMAN BLACKWELL: And the
7 Council --

8 MR. JONES: It's absolutely right.
9 We need to coordinate.

10 COUNCILWOMAN BLACKWELL: The
11 Councilwoman is correct, because when it
12 comes to Lancaster Avenue, that's a dividing
13 line between the 4th and the 3rd, myself and
14 Councilman Nutter. So, he has one side. I
15 have a developer for my side.

16 And I will tell you, you know,
17 development is what I like to do, and it's
18 what I enjoy doing, and what I believe in,
19 and where I focus my activities, that and
20 education.

21 So I have a developer for every inch
22 of the 3rd District. We fight hard. It's
23 what I spend my time on. And it presents a
24 problem. I may run into, as I did last week,
25 Councilwoman Bisher, who tells me that

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2 they're involved in something in my District.
3 Now, I naturally have a
4 relationship. But I have two state reps
5 already, Waters and Roebuck, who are in mine,
6 and I have a new one, Tommie Blackwell. So I
7 already have three of my own state reps. I
8 have two State Senators, Vincent Hughes and
9 Tony Williams, and then so if I have to deal
10 with another state rep, who's not
11 necessarily... She's not in my District. So
12 I have no need to do that, unless it's on our
13 dividing line.

14 And while I don't know the City
15 dollars are focused there, then that, you
16 know, is different.

17 If Councilman Clarke and I are
18 working on a common area, that's different.
19 We know to work together.

20 But I have no reason to go to
21 somebody, outside of those people I just
22 named. And it does create a big problem,
23 when they're working on something or when the
24 City is funding projects that I don't know
25 anything about. I got enough of my own I

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2 want to fund.

3 I may decide that I don't want one
4 funded someplace else or at least have the
5 opportunity to have the discussion. And
6 that's part of the -- That's part of the
7 question.

8 What about State Redevelopment
9 Capital Assistance and the state budget?
10 You've talked about the City budget. How
11 much of those funds --

12 MR. JONES: Well, we've gone after
13 particular -- And again, I want to just
14 underscore how we communicate better in the
15 future.

16 But we've gone after a million
17 dollars in state money, to provide low
18 interest no interest loans to the same
19 distressed businesses that are suffering from
20 the el project.

21 Now, we are going to wait for your
22 instructions on how we kind of work that
23 through the process. But we've applied for
24 that.

25 We have already received a grant for

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2 \$750,000 to do bus stop shelters. And we
3 want to work on how and where they're -- and
4 particularly for West Philadelphia, in the
5 area that has been negatively impacted by the
6 construction. So we want to work on a plan
7 that makes sense.

8 COUNCILWOMAN BROWN: Are those state
9 dollars or federal dollars?

10 MR. JONES: Those are federal
11 dollars.

12 COUNCILWOMAN BROWN: Okay.

13 MR. JONES: That we've already
14 gotten. And we want to work on the design of
15 those shelters, where they're located and
16 when they should be implemented because that
17 construction has a long time to run.

18 COUNCILWOMAN BLACKWELL: Yeah. In
19 fact, as all of you know, in Cobbs Creek it's
20 off. And they don't even have anyone, nor
21 did they tell us even in our hearings when a
22 new company would be hired.

23 They fired him the day of our
24 hearings. It was obvious they knew he would
25 have big issues about what was happening to

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2 the businesses. They fired him that day,
3 saying they were 712 days behind.

4 But we still don't have anybody now
5 doing the work, when the completion date
6 isn't until the end of '08. So we have big
7 problems.

8 And while we're on the S.E.P.T.A.
9 project, as many of you know, this initially
10 started in 1999. We have big problems.
11 We've gone to our... I've gone to both
12 Congressmen. I've gone to our state folks.
13 We've done everything we can to try to ask
14 for dollars for these people.

15 And finally, after there was none
16 forthcoming, we did as I always say, what
17 Booker T. Washington said, lower the buckets
18 where you are. We came to Council and took
19 out our own budget, S.E.P.T.A.'s budget. We
20 didn't want to take out of our budget because
21 the City can't afford it, but out of our
22 S.E.P.T.A. money.

23 The Council saw fit to take out
24 \$500,000 last year, and the businesses got a
25 check to between \$2400 and \$3200. It's

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2 actually \$3163.

3 And this year we put in a similar
4 bill, but instead of \$500,000 in S.E.P.T.A.'s
5 budget, we made it seven fifty, to allow
6 \$250,000 for community entity to clean it, so
7 we wouldn't have to keep begging all the time
8 for them to clean, we wouldn't have to fight
9 them like we did to get port-a-toilets where
10 workers were urinating on front lawns, we
11 wouldn't have to fight everything it takes to
12 get it down.

13 And I say this to say that, you
14 know, and now the Mayor... We believe that
15 as part of the S.E.P.T.A. budget money, you
16 know, we don't want to tie it up with the
17 City budget. We don't have those dollars.

18 But the S.E.P.T.A. budget we want
19 those dollars to come from.

20 And we asked... It was our choice
21 as to how we gave the businesses the money.
22 It was our choice, that out of this, all we
23 asked for was that they have a Business
24 Privilege License because it's not enough
25 money to change anybody's life. It's only

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2 enough money, we thought, to let the
3 businesses know we care, and they were hoping
4 that somehow they can hold on because as all
5 of you know, the biggest problem with
6 S.E.P.T.A. is that they go a block, and then
7 they work there a month.

8 And then they close it off, and then
9 they go back there again. So, as soon as the
10 people start coming back a month later or
11 month and a half later or two months later,
12 they come back and close it again. So,
13 businesses never get a break.

14 But all of these things, we say we
15 chose PCDC. In spite of all these issues, we
16 asked PCDC to write the check that we signed.
17 You know? No matter how many problems we
18 have, all of this -- You know, PCDC didn't
19 help us come up with the idea. We begged
20 everybody for money.

21 But we have really, really, really
22 been fighting hard. And we tried to work
23 with our City agencies, to try to get these
24 businesses some help.

25 But we signed the check and we made

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2 PCDC to pay the conduit for the money. Could
3 have used anybody. We didn't have to use
4 PCDC. We could have used any non-profit, but
5 we try to work with the agencies that are
6 available to us.

7 We just need you to work with us and
8 to, as a point of these hearings, realize
9 that we're here. And insofar as I'm
10 concerned, and I believe I can speak for
11 Councilman Clarke and Donna Miller, when I
12 say when you're working in our districts, we
13 got to be included. We've been around too
14 long. We have our plans.

15 (Applause.)

16 COUNCILWOMAN BLACKWELL: We can only
17 end up in having problems when we are not
18 included in the issue.

19 You mentioned, too -- We still have
20 a lot of questions. You mentioned something
21 on...

22 COUNCILWOMAN BROWN: If he can just
23 finish real quickly for me.

24 COUNCILWOMAN BLACKWELL: Yes, ma'am.

25 COUNCILWOMAN BROWN: Can you please

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2 finish real quickly for me this --

3 MR. JONES: Well, basically, what we
4 want to try to do is, where these gateways
5 are -- And I don't mean to always point out
6 what other communities are doing.

7 If you see these same trestles in
8 Bryn Mawr or in Delaware County, they're
9 painted, they're well maintained, they almost
10 blend into the scenery of the neighborhood.

11 In our neighborhoods, they're not
12 maintained.

13 What we've discovered in some of our
14 clean-ups, Councilwoman, is that the urban
15 budgets for a lot of the maintenance are cut,
16 as opposed to the surrounding counties.

17 And we really need to take a hard
18 look at that and how these railroad trestles
19 and public properties are maintained versus
20 suburban areas versus inner city areas.

21 COUNCILWOMAN BROWN: Are those state
22 or federal dollars that --

23 MR. JONES: Both. In some cases
24 they're state dollars. In other cases
25 they're federal dollars.

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2 But it's not just these kind of
3 railroad trestles. And I won't name -- I
4 will not name the large chain store. But we
5 were doing a cleanup in, I believe, your
6 district (Indicating Councilwoman Miller).

7 And we approached one of the major
8 drugstore companies as to allowing some of
9 their employees to help us with the cleanup.

10 And when I asked about, you know,
11 the shrubbery in the area, they told us that
12 their budget for maintenance was cut.

13 But when you go outside of the City
14 of Philadelphia, they maintain it. And at
15 some point we have to address that, and take
16 a look hard look at both these federal
17 transportation bridges and trestles, but also
18 is there an equal application of maintenance
19 funds for suburban shopping areas versus
20 inner city shopping areas. We need -- This
21 Council needs to take a hard look at that.

22 COUNCILWOMAN BLACKWELL: There is a
23 letter that PCDC sent to various businesses.
24 52nd, 53rd, 54th and Market, 56th and Market.
25 I have three or four copies of them here.

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2 And the letter reads as follows:

3 Dear Miss Johnson: Enclosed is your check
4 for the S.E.P.T.A. transit impact at West
5 Philadelphia Small Business Retention and
6 Financial Assistance Program.

7 During this S.E.P.T.A. project and
8 at any other time, please feel free to
9 contact us here at PCDC and our neighborhood
10 commercial revitalization, NCR division, for
11 any technical assistance you may need. And
12 NCR's direct telephone number is 215-790-2235
13 or 215-790-2233.

14 What technical assistance are you
15 offering?

16 MR. JONES: We offer a wide variety
17 of technical assistance from contracts, with
18 the City of Philadelphia helping them prepare
19 for that.

20 We offer grants by way of facade
21 rebates. We offer --

22 COUNCILWOMAN BLACKWELL: For the
23 S.E.P.T.A. transit impact.

24 As you know, since at least the year
25 2000, we have been asking you all to come up

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2 with a program for low interest, no interest
3 or grant for facade treatment. We've been
4 doing that, not only for the S.E.P.T.A.
5 project but overall. So we'd like to know,
6 again, for the S.E.P.T.A. people what that
7 means, and then you can expand the answer.

8 MR. JONES: Well, first we had some
9 dollars that -- Med Cap Funds that were
10 federal dollars. And I think we met some
11 years ago when this first problem started to
12 arise.

13 What we were hoping to do was get
14 those old dollars reprogrammed by the Federal
15 Government, so that we could use that in a
16 fashion and grant fashion.

17 Believe you me, the Federal
18 Government had no interest in doing that.
19 And in fact, when we asked them about it,
20 they then sent us a letter, requesting the
21 return of those dollars. So, we had to do
22 that.

23 So, what we were able to do was work
24 through the local Congressman, Congressman
25 Fattah and Congressman Brady, to get the

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2 F.T.A. to re-appropriate new money... to
3 appropriate new money which is \$750,000.

4 But specifically what they said that
5 it could be used for was enhancing of transit
6 stops. So the best thing we could come up
7 with was bus shelters for that.

8 And what I was then -- What I then
9 did was contact Senator Hughes up in
10 Harrisburg and asked him if there was any
11 relief.

12 What he was able to do was put in a
13 budget, \$1 million for low interest and no
14 interest grant loans to S.E.P.T.A. impact at
15 West Philadelphia businesses.

16 COUNCILWOMAN BLACKWELL: I
17 understand. And I've been hearing that.

18 But as you said, we've been trying
19 to get money. These letters were sent out as
20 recently as November 1st, offering
21 assistance, you know.

22 And yet I believe that we have to
23 keep hope alive, as Jessie Jackson said, but
24 I also believe that we have to be honest.

25 And I don't offer people assistance

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2 I can't provide or I don't put myself in a
3 position to have to respond to something, if
4 it's not the real thing.

5 So if you didn't have money November
6 1st to --

7 MR. JONES: Well, we --

8 COUNCILWOMAN BLACKWELL: -- offer
9 these groups, I mean, let --

10 MR. JONES: We have money. We have
11 money. Our loan dollars aren't impacted by
12 the grants that we're talking about.

13 As a matter of fact, we did how many
14 deals last months? In West Philadelphia?

15 UNIDENTIFIED MAN: Six.

16 MR. JONES: We did six deals just
17 last month.

18 COUNCILWOMAN BLACKWELL: Are those
19 impacted by the S.E.P.T.A. project?

20 MR. JONES: They're within your
21 District.

22 COUNCILWOMAN BLACKWELL: For those
23 impacted by the S.E.P.T.A. project?

24 MR. JONES: Not all of them, no.

25 COUNCILWOMAN BLACKWELL: Well,

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2 that's --

3 MR. JONES: But what I'm saying
4 is --

5 COUNCILWOMAN BLACKWELL: Wee, we
6 know that for the S.E.P.T.A. project
7 businesses for the first year were telling
8 me, I'm down 20 percent.

9 The second year they were down 30
10 and 40 percent.

11 A lot of them -- One person they
12 testified the other day, he had 80 people.
13 He was down to 10 last month.

14 He's there by himself. Their credit
15 is bad now. They're having a hard time
16 keeping their lights on, you know.

17 And I'm sure at this point it's very
18 difficult for them to have any collateral or
19 to have the ability to borrow.

20 I don't know if the City would even
21 take some of them. They're trying. But in
22 terms of the S.E.P.T.A. project, I don't know
23 if they would even qualify for them, which is
24 why I asked and have been forever for a grant
25 program or lower note interest program or

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2 combination program.

3 You know, I've been asking for this
4 stuff, you know. And then -- But you send a
5 letter out saying, you know, call me. And I
6 don't even know what you're offering. And
7 I'm not putting myself in the position to
8 have to respond to what I don't know that
9 you're offering.

10 MR. JONES: Well, you're right. Our
11 communication needs to be better. So that...
12 You know -- And for the record, we do grants.
13 And we did how many grants last week or last
14 two weeks?

15 MR. SMITH: 177.

16 MR. JONES: \$177,000 worth of
17 grants.

18 Even though they're not specifically
19 S.E.P.T.A. related grants, we still did nine
20 deals last month in that area.

21 And we're going to continue to --
22 Now, hopefully the cavalry comes and brings
23 us some more money. But until then we're
24 going to use the ammunition we have with our
25 current programs.

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2 And we're going to keep lending, and
3 we're going to keep providing grants. And
4 we're not going to wait until the Federal
5 Government decides to catch up to us.

6 (One man applauds.)

7 COUNCILWOMAN BLACKWELL: Well, I'm
8 glad your clapping. I would like to know
9 where they are, you know. And I'm not saying
10 they're not there. I hope they are. But we
11 really want the information and the dialogue.

12 You mentioned on Page 4 that in the
13 past years an average of 223 building permits
14 for new housing development happened in West
15 Philadelphia.

16 MR. JONES: Yes.

17 COUNCILWOMAN BLACKWELL: Do you know
18 where in West Philly? You're talking about
19 just new housing starts, are you talking?

20 MR. JONES: No. They were -- There
21 were new housing permits for new
22 construction. And that's -- A lot of it has
23 to do with your efforts in developing low and
24 moderate income housing.

25 So the total number of new housing

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2 permits were 223. I think it's two years,
3 last two years?

4 COUNCILWOMAN BLACKWELL: Yeah.

5 We're doing stuff all over my district. At
6 any given point I had 20 developers who are
7 ready to go.

8 You've also mentioned on Page 5
9 coalitions with town watch group and dealing
10 with crime prevention.

11 And I wanted to know what your role
12 is in that arena. And crime prevention
13 obviously involves local police district,
14 neighborhood volunteers, et cetera, et
15 cetera, and how PCDC is involved with those
16 organizations and agency, and how you see
17 your role therein.

18 MR. JONES: Well, one of the
19 things -- And we have to deal with the
20 reality of budget cuts, just like every other
21 City department, when we start talking about
22 firehouses closing and police being laid off.
23 Our budget was also cut.

24 We used to be the premier, premier
25 anti-crime organization for small businesses.

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2 We can't continue to do that.

3 We used to do security rebates for
4 small businesses that added the roll-down
5 gates and things like that. We do a lot less
6 of them. How many did we do...

7 MR. SMITH: Only about seven?

8 MR. JONES: We only did seven
9 because our budget was cut.

10 But one of the things that we want
11 to do is work with CDC's to create these town
12 watches, connect them with the business
13 associations because -- I don't know. If you
14 read the papers lately, a lot of the NTI
15 impact has driven a lot of the drug dealers
16 off of the corners, but they've taken up new
17 vocations.

18 And one of the new vocations is
19 robbing our inner city merchants. If you
20 read the papers, not a month goes by without
21 somebody being robbed and seriously harmed.
22 And we need to address that, through working
23 together, to try to deal with that.

24 We were in Council -- No. State
25 representative Curtis Thomas had us at

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2 Germantown and Lehigh, up there dealing with
3 issues up there.

4 And these businesses are risking
5 their lives in these corridors. And one of
6 the things that we want to do, and with the
7 S.E.P.T.A. money that we're using, is create
8 cameras that actually are security cameras,
9 that are associated with those bus stops, to
10 try to at least stem some of that crime. And
11 that's what we've been --

12 COUNCILWOMAN BLACKWELL: Well, we
13 would like to have that discussion.

14 One year we even shut down 52nd
15 Street ourselves, took all the vendors,
16 closed them down, pulled down all the grates
17 and painted them to get rid of graffiti,
18 cleaned it up, power washed and all of that.

19 But again, those were just
20 initiatives we believed in. We're always
21 begging up and toughen up all the help we
22 get.

23 But we never feel that there's
24 anybody we can collaborate. We just decided
25 to do it. We took it upon ourselves, shut it

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2 MR. JONES: Yes.

3 COUNCILMAN CLARKE: Do you have to
4 provide certain performance standards?

5 MR. JONES: We have -- We have
6 indeed a contract, and it has performance
7 standards: The number of loans, the number
8 of rebates, the number of technical
9 assistance provided. It is spelled out
10 specifically.

11 COUNCILMAN CLARKE: Is that contract
12 open to any entity or is it just solely a
13 contract renewal with your organization?

14 Say, for instance, Joe Blow, not to,
15 you know, imply that's the type of
16 organization you're running, but for lack of
17 a better term...

18 MR. JONES: Mm-hmm.

19 COUNCILMAN CLARKE: ...was
20 interested in providing a similar service as
21 you are, your agency is, would they be in a
22 position to apply for the grant you get?

23 MR. JONES: Technically? Yes.

24 COUNCILMAN CLARKE: All right. Is
25 it an RFP or...

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2 MR. JONES: We do an application to
3 the City of Philadelphia. That application
4 is either accepted or rejected by the
5 Commerce Department.

6 COUNCILWOMAN BROWN: On an annual
7 basis?

8 MR. JONES: Annually.

9 COUNCILMAN CLARKE: On an annual
10 basis?

11 MR. JONES: Annually.

12 COUNCILMAN CLARKE: Has there ever
13 been any discussion within your organization,
14 providing additional services?

15 Sometimes... Part of the problem in
16 government is that we, I think all of us, get
17 stagnant, as we sometimes don't change with
18 the climate, change with the times,
19 particularly on these annual renewable type
20 of arrangements, when an entity knows they're
21 going to get funded because they always have,
22 and there could sometimes be no need or no
23 thought process that makes them change to
24 address the different concerns.

25 As an example -- And I've spoken to

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2 you on a couple of occasions and other
3 individuals about our inability to have
4 businesses flourish in some of our low income
5 neighborhoods, the actual organizations be
6 developers.

7 Earlier I referenced PHDC which is
8 kind of a quasi housing agency that works in
9 the City of Philadelphia, where we put that
10 particular agency in a neighborhood where
11 there is no strong non-profit CDC that
12 provides housing.

13 And we normally require that they
14 form a partnership with a non-profit entity,
15 in hopes of building the capacity of that
16 non-profit neighborhood entity, to ultimately
17 develop properties on their own. And we've
18 been successful in several locations.

19 Have you ever given any thought to
20 focus more from a development perspective, as
21 opposed to just simply a lender, or simply
22 technical assistance or entity? So we are
23 not subject to the whims of some national
24 chain or some statewide chain who may or may
25 not be interested in developing some of our

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2 communities.

3 MR. JONES: Let me do a couple of
4 things in answering that question.

5 Number one, our mission is to start
6 fires of development, meaning economic
7 development activity; build capacity for
8 someone else to continue to keep that
9 development going.

10 Good examples where it works really
11 well is like when you have a strong business
12 association, a development association like
13 Ogontz Avenue Revitalization Corporation,
14 their first planning grant they got from us.

15 OARC took that, ran with it, and
16 became masters of development, to the degree
17 that I send my staff up there to learn from
18 them.

19 COUNCILMAN CLARKE: Well,
20 Representative Evans would say that he was
21 the one who was the...

22 MR. JONES: He was.

23 COUNCILMAN CLARKE: ...sponsor.

24 MR. JONES: No. He got some of his
25 start-up money from us. That's a matter of

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2 public record. And he will tell you.

3 We provided -- When other people
4 didn't believe maybe as much as they do now,
5 we were the first monies in. And that's a
6 fact.

7 We also have been that kind of
8 firestarter with a number of organizations.

9 What we hope to do is, there's so
10 much work that needs to be done, if you had
11 ten PCDC's, it would still not be enough to
12 deal with all of the work that needs to be
13 done.

14 So our job is to, in cases where
15 people want to get technical assistance, want
16 to become developers, to work with them so
17 that they can eventually branch off and do
18 the development job that needs to be done.

19 So, we will change our role to
20 assist in any way that you guys here dictate.
21 We will do it. We're not trying to hog it.
22 We're not getting complacent. We don't
23 believe we're going to sit back on our
24 laurels because the second that we do that,
25 you know, we have to --

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2 COUNCILMAN CLARKE: Are you
3 prohibited under your contract to be a
4 developer?

5 MR. JONES: No. But there are other
6 organizations within the City structure that
7 has taken that mantle because --

8 COUNCILMAN CLARKE: Who?

9 MR. JONES: PIDC. We're the
10 little --

11 COUNCILMAN CLARKE: Small scale?

12 MR. JONES: No.

13 COUNCILMAN CLARKE: That's what I'm
14 talking about.

15 MR. JONES: Yeah.

16 COUNCILMAN CLARKE: You're focusing
17 in on neighborhood commercial corridors.

18 MR. JONES: Right.

19 COUNCILMAN CLARKE: And frankly
20 speaking, PICD, if you don't talk about
21 seven-figure deals, they act as if somehow
22 they don't want to be involved in it.

23 MR. JONES: We would love to --

24 COUNCILMAN CLARKE: And what I'm
25 saying is, in local neighborhoods, small

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2 development deals... You know, the fortunate
3 reality is that the ability of local
4 non-profits to become developers is extremely
5 limited. So, I'm saying --

6 MR. JONES: We would love to fill
7 that void. I mean, that's the best way I can
8 answer it.

9 But it is not by circumstance that
10 we do not. And that's what I can tell you.
11 It's not by coincidence that we have not.
12 And that's the best I can tell you.

13 COUNCILMAN CLARKE: What does that
14 mean?

15 MR. JONES: We would love to be the
16 agents that helps to do strip malls and small
17 developments in neighborhoods. That has not
18 been our role. We are at this point --

19 COUNCILMAN CLARKE: I understand
20 that. I'm asking you why. Why not?

21 MR. JONES: I can't answer that. We
22 would love to do it, however.

23 COUNCILMAN CLARKE: I mean, have you
24 asked anybody could you? I mean, you say
25 you're not prohibited in doing it in your

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2 contracts. I mean, have you attempted to do
3 it and somebody said no?

4 MR. JONES: Yes.

5 COUNCILMAN CLARKE: Who?

6 MR. JONES: Well, there was...

7 Under a different administration we tried to
8 do some things where we got state dollars to
9 do those kinds of organizational grants.

10 And it wasn't until the Street
11 administration that we were even allowed to
12 apply for state dollars.

13 We were told specifically that we
14 couldn't go after certain types of
15 development dollars.

16 One of the advantages that our
17 counterpart agency PIDC has is that when
18 their money gets lent out, there's a certain
19 pool of it, that when it comes back in, they
20 have discretion about how they use it.

21 Us, when we use CDBG do not. What
22 goes in must be lent out, specifically. So
23 that gives them a --

24 COUNCILMAN CLARKE: That doesn't
25 prohibit you from changing the nature of your

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2 mission.

3 What I'm trying to get you to focus
4 on is this whole development opportunity...

5 MR. JONES: Mm-hmm.

6 COUNCILMAN CLARKE: ...for a
7 non-profit, which you are technically.

8 MR. JONES: Mm-hmm.

9 COUNCILMAN CLARKE: who has
10 technical capacity within house, whereas
11 other local neighborhood groups don't.

12 MR. JONES: We would love to do it.

13 COUNCILMAN CLARKE: And I've talked
14 to you about this before.

15 MR. JONES: Mm-hmm.

16 COUNCILMAN CLARKE: What I'm trying
17 to get a sense, if you're saying -- Earlier
18 in your testimony -- I want to ask you about
19 that in another direction, about how you were
20 having difficulty developing the small
21 businesses within communities because we were
22 being basically enveloped by national chains.
23 Then why don't you all do it?

24 MR. JONES: We do do it. And if you
25 look at the -- If you look at the list of

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2 businesses...

3 COUNCILMAN CLARKE: Where?

4 MR. JONES: In the booklet that we
5 gave you.

6 COUNCILMAN CLARKE: That you have
7 developed. If you were a developer.

8 MR. JONES: That we have developed.

9 COUNCILMAN CLARKE: You are a
10 developer.

11 MR. JONES: No. Individual
12 transactions and --

13 COUNCILMAN CLARKE: I'm not talking
14 about loaning money.

15 MR. JONES: Right.

16 COUNCILMAN CLARKE: I'm talking
17 about PCDC as a developer, where you all go
18 out, do a development plan, you go out and
19 get funding, you build, construct the
20 facility that you own.

21 MR. JONES: 29th and Dauphin. Am I
22 right? Is one that we do.

23 MR. SMITH: We do.

24 COUNCILMAN CLARKE: No, you didn't
25 do 29th and Dauphin.

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2 MR. JONES: We were involved -- Wait
3 a minute; wait a minute; wait a minute. We
4 were involved.

5 COUNCILMAN CLARKE: You loaned money
6 to 29th and Dauphin.

7 MR. JONES: Pardon me?

8 COUNCILMAN CLARKE: You loaned
9 money.

10 MR. JONES: Right.

11 COUNCILMAN CLARKE: You were not a
12 developer at 29th and Dauphin.

13 MR. JONES: Okay. We also loaned
14 money to -- Wait a second. Wait a minute.
15 Heritage Shopping Center. So we're involved
16 in it from that capacity.

17 COUNCILMAN CLARKE: I understand
18 that.

19 I'm just trying to get you to think
20 out of the box.

21 MR. JONES: Mm-hmm.

22 COUNCILMAN CLARKE: Because you -- I
23 mean, it's clearly we have troubled
24 neighborhood commercial corridors. So, we
25 got to do something different.

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2 You know, I mean, you spoke earlier
3 about public policy determining the direction
4 of businesses, in your earlier testimony.

5 MR. JONES: Correct.

6 COUNCILMAN CLARKE: And the national
7 trend right now, as the local trend is, is to
8 develop strip shopping malls.

9 There was a story recently in the
10 Daily News to talk about the advent of all of
11 these malls in the City of Philadelphia.

12 Talked about Delaware Avenue, talked
13 about Whitman Plaza. And the City seems like
14 it's supporting those efforts.

15 So, I'm concerned that,
16 understanding that and giving the impression
17 that that's the direction that the City would
18 like to go, who is going to help the small
19 neighborhood commercial corridors, beyond
20 what we're currently doing?

21 Because based on what I'm seeing in
22 the neighborhood commercial corridors that
23 I'm interacting with, it's not nearly enough.

24 I mean, you know, we're putting some
25 money on the table. As a matter of fact, one

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2 gentleman, as an example, he actually tried
3 to develop... expand his operations up at
4 Ridge and Cecil B. Moore. And he went to
5 you.

6 That's something else I want to ask
7 you about, this \$25,000 maximum loan. More
8 often than not I'm told that's just not
9 enough.

10 MR. JONES: It's not our maximum or
11 our larger loan program. That's our micro
12 loan program.

13 COUNCILMAN CLARKE: All right.

14 So what I'm trying to understand is
15 why can't you think out of the box and become
16 a developer, such as PHDC?

17 MR. JONES: We can. We can. Simple
18 answer is that we can. We have not done it
19 but we can.

20 COUNCILWOMAN MILLER: I have a
21 question, too.

22 Are you finished?

23 COUNCILMAN CLARKE: No, but go
24 ahead.

25 COUNCILWOMAN MILLER: Well, it's

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2 about the neighborhood commercial corridor
3 development, before you move off of that.

4 COUNCILMAN CLARKE: All right.

5 COUNCILWOMAN MILLER: Mr. Jones, in
6 your testimony on Page 5, about the fourth,
7 fifth paragraph down you talked about the
8 International Council of Shopping Centers.

9 MR. JONES: Mm-hmm.

10 COUNCILWOMAN MILLER: And their
11 interest in coming into the inner city. And
12 I guess by that I would mean the results of a
13 survey.

14 MR. JONES: Mm-hmm.

15 COUNCILWOMAN MILLER: That 150
16 people were interviewed from Fortune 1000
17 companies that are interested in coming into
18 the inner city?

19 MR. JONES: Mm-hmm.

20 COUNCILWOMAN MILLER: What happens
21 with that type of information? Is that
22 something that Commerce should pick up on or
23 PCDC?

24 I mean, what happens if there are
25 people that are interested, there are

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2 companies interested in coming in to an inner
3 city, than tell me what happens once you find
4 that out, once the City of Philadelphia finds
5 out there are people that are interested in
6 coming into the inner city.

7 MR. JONES: It really depends on
8 what door that information comes through. If
9 we find out about it, based on our capacity
10 and what our area of expertise, we share that
11 often with PIDC or we share it with Commerce.
12 And we let them kind of take the ball and run
13 with it.

14 If they're doing the big strip mall,
15 that's their role. If we're doing the
16 individual transaction between the merchants,
17 that's our role. So, we kind of work with
18 them to do those kinds of things.

19 It really depends on what door, if
20 it's a PIDC deal, what door it comes through.
21 But your point is well taken, that there's no
22 central depository of information, where
23 everybody can kind of say, well, I can help
24 out with this portion of the deal. It
25 doesn't happen.

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2 COUNCILWOMAN MILLER: Right.

3 Because I would wonder, okay, if Commerce is
4 pretty much focused on the large strip malls,
5 I think you called them, and you guys are
6 doing more of the individual business
7 development --

8 MR. JONES: Yes.

9 COUNCILWOMAN MILLER: -- who is
10 looking at the strip itself, just in terms of
11 developing that? Would it be -- Certainly
12 not the business association.

13 So, it sounds like if there is a
14 business that's interested -- You know,
15 sometimes I go shopping. And if I go into a
16 store that I think I'd like to see in my
17 district, I give them my card. I'll find out
18 who to call.

19 When Krispy Kreme opened on Cottman,
20 I found out who the owner was. I called the
21 owner of Krispy Kreme, and said, hey, I have
22 a strip. I have a place that you could come
23 to, you know, even though they really wanted
24 to be where there's lots of vehicle traffic.

25 And Delaware Avenue... You know,

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2 the owner took a lot of time with me,
3 explained, you know, why and where they look.

4 They wanted to open up on Delaware
5 Avenue because of the number of vehicle
6 traffic, and all this other kind of stuff.

7 But who is recruiting businesses --
8 I guess that's my bottom line question -- to
9 come to the inner city commercial --
10 neighborhood commercial corridors? Or is it
11 nobody?

12 MR. SMITH: Well, no. It's
13 definitely not just us. It's people within
14 the Commerce Department and other agencies.

15 It would depend on where -- what
16 kind of facilities somebody was looking for.

17 If somebody wanted to do a Krispy
18 Kreme and they need a \$10,000 -- 10,000
19 square foot of parking, along with a
20 building, that may not be something that is
21 available in any of our 43 commercial
22 corridors.

23 If that's the case, we would refer
24 them over to Commerce or either PIDC. We
25 would try to help find that individual a

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2 location, even though it wasn't in our
3 corridors.

4 COUNCILWOMAN MILLER: Okay. So I
5 understand. I understand all of your
6 answers, but one of the things that's
7 happening, I guess as I see it -- And you
8 said if someone is interested.

9 It sounds to me -- Well, what's
10 happened to me, I believe that Germantown and
11 Cheltenham which you know used to be the second
12 best, second only to Center City business
13 corridor in the City.

14 And it's almost like the property
15 owners are the people that's driving the --
16 who they get as a tenant.

17 I have seven dollar stores. We're
18 getting ready to do special controls, zoning
19 overlay, because I can not witness another
20 dollar store opening at Germantown and
21 Cheltenham, particularly if there's some other
22 type of business that I don't know about,
23 maybe the CDC there doesn't know about.

24 And I would think that Commerce or
25 somebody would be, you know, filtering out

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2 that kind of information, so we can start
3 developing these commercial corridors --

4 MR. JONES: May I respond?

5 COUNCILWOMAN MILLER: -- rather than
6 ten sneaker stores.

7 MR. JONES: You are right on point.
8 And so is your (Indicating Councilman Clarke)
9 comment, but let me explain what I see from
10 this side of the table.

11 First of all, if you look back maybe
12 a decade ago, we were so happy to get anybody
13 to fill a vacancy that we would have took --
14 As long as their operation was legal, we
15 would let them go and get into the business.

16 But what happened, as you're
17 pointing out, you get a high concentration of
18 the same type of store, and not necessarily a
19 high quality store.

20 We are in a better position today
21 economically to start to be a bit more
22 discerning and a bit more strategic about how
23 we do it.

24 Councilman Cohen asked me at one
25 budget hearing -- and he asked a simple

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2 question but it was profound in this respect.

3 He said what does the perfect commercial

4 corridor look like? What is the mix of

5 stores? What is the -- And it depends.

6 The answer is, it depends on what

7 you view it to be, and what the consumers in

8 the area need it to be.

9 You have a situation... For

10 example, a good example is Girard Avenue

11 right at 29th Street. Those stores are going

12 to change radically because of the different

13 clientele that's moving in, the different

14 consumer preferences that they have.

15 You're in a position (Indicating),

16 you're in a position (Indicating) to kind of

17 regulate some of that through zoning, through

18 L & I, and up the standard.

19 Again, before we were so happy to

20 have anybody in some of the inner city

21 corridors, we were taking dollar stores and

22 some of the stop and gos.

23 But today the economy has changed,

24 and the big stores are beginning to come

25 back. The Starbucks of the world want to do

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2 inner city development.

3 Aqil was at a inner city development
4 workshop in New York. And the national
5 trend, the national trend is that these folks
6 are coming back.

7 The key, the gatekeepers are you,
8 and to a lesser extent the PCDC's of the
9 world. So we are not too late to develop
10 that kind of criteria. We're actually right
11 on time.

12 MR. SMITH: Can you hear me?

13 Good. Thank you.

14 With respect to the specific
15 question of who's responsible and whether or
16 not we can do that, I would think that it
17 would probably be a special resolution of the
18 PCDC board that would give Mr. Jones and his
19 staff the go ahead to look at that.

20 And also there would have to be some
21 consideration for funding such an initiative,
22 because it takes money to actually put
23 additional capacity on the street.

24 And we would be leveraging the
25 talent that exists within PCDC. There's a

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2 considerable amount of economic development
3 talent within PCDC, that would just make it
4 easy segue into that type of development.

5 COUNCILMAN CLARKE: Right.

6 MR. SMITH: Also, with respect
7 Councilwoman Miller, to your concern
8 regarding the big box chains and what not,
9 this is a very appropriate discussion right
10 now that we're having because, as Mr. Jones
11 mentioned, I attended a two-day summit that
12 was sponsored by the Inner City Economic
13 Forum, headquartered in Boston,
14 Massachusetts.

15 And they're underwritten in the line
16 with Harvard University, Rockefeller
17 Foundation, the Ford Foundation and Bank of
18 America.

19 And they're in the process now of
20 putting together a billion dollar fund for
21 investment in eleven cities in the urban
22 areas.

23 Philadelphia was overlooked in those
24 initial target areas because we, according to
25 the census data, we had a one percent

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2 population drop in the urban areas over the
3 last decade. But they are looking to come in
4 on the next round.

5 They are looking to make their
6 initial investments in June of 2005, for the
7 very same purposes you mentioned, looking at
8 some inner city retail development, strip
9 mall development, and things of that nature.

10 Now, where we have been very helpful
11 to businesses, and what really doesn't get on
12 your radar screen, and probably on the radar
13 screen of the Councilwoman, Councilwoman
14 Blackwell, is that we do -- we conduct --
15 provide a considerable amount of technical
16 assistance to businesses.

17 Within the West Philadelphia area,
18 within the S.E.P.T.A. area, we assist
19 companies with tax problems with the Internal
20 Revenue Service. We help keep their doors
21 open. We restructure their financial
22 statements and balance sheets. We work with
23 some of the neighborhoods, the groups and the
24 individual businesses.

25 That capacity can just be repackaged

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2 in a developmental process and facilitate
3 what it is that you're requesting.

4 COUNCILMAN CLARKE: I just want to
5 follow up on one line of questioning real
6 briefly. With respects to your performance
7 standards, is there a component that has a
8 local neighborhood requirement in your loans
9 or can you legally do that?

10 I know in some of the Empowerment
11 Zone initiatives, there was, you know,
12 certain tax credits available associated with
13 loans to businesses.

14 In your loan requirements, do you
15 have anything that talks about the direct
16 correlation between a loan to a neighborhood
17 business and that business hiring somebody
18 from the local community?

19 MR. JONES: We have two federally
20 mandated requirements. One is a concept
21 called Area Benefit which is that if a low
22 and moderate income neighborhood is benefited
23 by virtue of that business, we can do the
24 loan.

25 The second criteria is the creation

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2 or retention of low and moderate income jobs.

3 So the two -- the two things that we can make
4 a criteria --

5 COUNCILMAN CLARKE: Is that
6 geographically required, a geographical
7 requirement?

8 MR. JONES: No.

9 COUNCILMAN CLARKE: When you say low
10 and moderate, I mean, in reality a lot of
11 these smaller stores, they hire their kids.
12 And that doesn't necessarily -- They may be
13 low income, moderate income. But is there --
14 Is there some --

15 MR. JONES: It doesn't have a
16 geographical.

17 COUNCILMAN CLARKE: No geographical?

18 MR. JONES: No.

19 COUNCILMAN CLARKE: Just economic?

20 MR. JONES: That is something --
21 That is something -- Not with federal dollars
22 I don't think that we could possibly do that.

23 But with a different loan fund we
24 could probably mandate that if you tap into
25 this level of funding, then we require that

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2 you do something locally. And I think that
3 that's a good idea.

4 COUNCILMAN CLARKE: Can you look
5 into that, please?

6 MR. JONES: We will look into it.

7 COUNCILMAN CLARKE: One last
8 question. With respects to your loan fund,
9 do you have a certain job to loan ratio? Is
10 that one of the performance standards or is
11 that --

12 MR. JONES: Yes.

13 MR. LENAHAN: In our contract with
14 the City, we're required to show that at a
15 minimum, one new job be created for every
16 \$20,000.

17 COUNCILWOMAN BLACKWELL: Excuse me.
18 Identify yourself.

19 MR. JONES: I'm sorry. John
20 Lenahan. I'm vice president of the Lending
21 Department for PCDC.

22 That's a contract requirement. So,
23 at a minimum we have to be able to show one
24 new job for every \$20,000.

25 COUNCILMAN CLARKE: Per \$20,000.

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2 MR. LENAHAAN: Normally we do much
3 better than that. We show normally -- I
4 think last year was one new job for every
5 \$8,000 of loan dollars that we put out on a
6 project, so...

7 COUNCILMAN CLARKE: Okay.

8 MR. JONES: We are required to meet
9 that threshold.

10 COUNCILMAN CLARKE: Okay.

11 MR. LENAHAAN: And then, depending on
12 whether it's area benefit or job creation, 51
13 percent of the jobs would have to be low to
14 moderate income jobs.

15 COUNCILMAN CLARKE: In terms of
16 those numbers, is there a breakdown
17 demographics, as it relates to race,
18 neighborhood --

19 MR. JONES: We're required to track
20 it by --

21 COUNCILMAN CLARKE: Or are you not
22 allowed to the that?

23 MR. JONES: -- by race. We have to
24 have an income certification form that an
25 employee signs when they're hired, indicating

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2 what their household income was prior to
3 accepting the job.

4 That normally has an individual's
5 name and the address of where they live. And
6 that's compiled into a quarterly report that
7 we send over to the Commerce Department.
8 They put that into their grantee performance
9 report which they send down to Washington.

10 COUNCILMAN CLARKE: Can you provide
11 through the Chair a list, say for the last
12 fiscal year --

13 MR. JONES: Sure.

14 COUNCILMAN CLARKE: -- the job to
15 loan ratio created and the demographics
16 associated with race, ethnicity, and the
17 whole nine yards?

18 MR. JONES: Yeah.

19 COUNCILMAN CLARKE: Thank you.
20 Thank you, Madam Chair.

21 COUNCILWOMAN BLACKWELL: Thank you
22 very much.

23 Councilwoman Miller.

24 COUNCILWOMAN MILLER: I was
25 wondering if at some point we can get

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2 together to take a look at the various
3 business strips in my district, and think of
4 a good mix, and strategize on how we can
5 attract or what we need to do.

6 MR. JONES: Yeah.

7 COUNCILWOMAN MILLER: There are
8 enough agencies where we could start to do
9 something.

10 MR. JONES: I have to thank
11 Councilwoman Blackwell for this opportunity
12 to present these kinds of options to City
13 Council.

14 I look forward to working with each
15 of the members, in each of their districts,
16 to design what we need to do to help you.

17 COUNCILWOMAN MILLER: Okay. Thank
18 you.

19 COUNCILWOMAN BLACKWELL: Thank you,
20 Councilwoman Miller.

21 Can you list CDC's? If not, you can
22 provide it. That you partner with?

23 We know you have a relationship
24 with, for example, the Partnership CDC.

25 MR. JONES: Mm-hmm.

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2 COUNCILWOMAN BLACKWELL: And CCD's,
3 that you have provided technical assistance
4 to?

5 MR. JONES: Yes. We can provide
6 that to you.

7 COUNCILWOMAN BLACKWELL: All right.

8 Regarding NTI, and its focus on
9 neighborhood development that involves
10 community based organizations, what has your
11 role been, in terms of NTI, in dealing with
12 private investors and other collaborative
13 organizations? Or have you tried to keep
14 PCDC separate or have you been involved with
15 the NTI agenda?

16 MR. JONES: We've attended a number
17 of their meetings, and we've tried to follow
18 where we believe logically some of the
19 housing initiatives will go.

20 Heretofore, though, we haven't
21 really been directly involved with their
22 efforts. And we had in some ways waited for
23 them to kind of catch up to what we've
24 already been involved with.

25 One of the things that I would find

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2 helpful is, as we start to acquire some of
3 these properties, particularly on our
4 commercial corridors, if we could batch those
5 properties together, we would be willing to
6 market them to private developers through the
7 ICSC or through neighborhoods CDC's so that
8 they can get developed. Right now we don't
9 have that kind of relationship.

10 COUNCILWOMAN BLACKWELL: This is
11 another area why it's so important that we
12 work together.

13 At this point, Alissa Sneed, who's
14 my program director, does that. But we
15 create -- the residential neighborhood cannot
16 be sustained in an island of blight without
17 some commercial corridor regeneration.

18 We realize that, and so we work with
19 businesses, investors, family businesses,
20 private businesses, and people who want to
21 help to increase our neighborhood.

22 One hand has to wash the other for
23 posterity or otherwise we're only in this for
24 the short haul.

25 And so that's another reason why

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2 it's so very, very important that we work
3 together, so that our businesses and
4 residential community thrive together. They
5 have to. And that's why it is very, very
6 important that we work together.

7 Do you assist neighborhood based
8 minority owned business in preparing for
9 their procurement opportunities, expansion
10 opportunities or other opportunities and make
11 them sustainable business establishments, in
12 that we're talking now about preparing them
13 so that they're able to make application, and
14 they're able to apply for monies with the
15 City or City related where the City's a
16 conduit for funding.

17 MR. JONES: In 1987, when former
18 Councilman Blackwell and you helped me over
19 at MBEC, which was one of my first real City
20 assignments, I had an opportunity to work
21 with a lot of the minority businesses through
22 certification.

23 In fact, I hold the record on the
24 amount of contracts given to minorities and
25 females by the City of Philadelphia during

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2 that tenure.

3 In doing so, I became very familiar.

4 And then when I came over to PCDC, a lot of

5 those are the same contractors that needed

6 money.

7 So, we have two programs that I

8 think really help them. One is the Housing

9 Contractors Assistance Program where

10 businesses that have contracts with PHA,

11 PHDC, are able to finance their contracts

12 through PCDC. So that's one way that we help

13 them.

14 Another way that we help them is

15 that we have one of the best business

16 libraries -- and I encourage you and other

17 Council people to come over and take a look

18 at it -- in the country.

19 We have 250 business plans in our

20 facilities. And Mr. Sabur houses that. We

21 work with them individually to increase their

22 internal capacity.

23 When he talked about working on the

24 books, when he talked about preparing them so

25 that they can take the public scrutiny of

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2 doing contract work with the City of
3 Philadelphia, we assist them currently to do
4 that.

5 We also have the Comcast loan fund,
6 which was funded when City Council struck the
7 deal for franchising out some of the cable
8 franchises.

9 We received over a million dollars
10 from Comcast to do short-term lending
11 programs which we specifically give to
12 minorities and females. So, we've been
13 working those programs over the years.

14 COUNCILWOMAN BROWN: Is that still
15 real?

16 MR. JONES: Oh, it's very real.
17 It's probably one of my more successful loan
18 funds.

19 In fact, I think in all of the years
20 that we've had it, we've only lost, what,
21 \$800, I mean, and compared to our other
22 programs, that's phenomenal.

23 MR. LENAHAAN: The brochure in the
24 back of the booklet demonstrates --

25 COUNCILWOMAN BLACKWELL: Sorry.

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2 Please take the microphone.

3 MR. LENAHAN: I'm sorry. In the
4 brochure in the back of the booklet, 2003
5 year accomplishments, gives a breakdown on
6 the Housing Contractors' Program and the
7 Comcast and the PMBDA Loan Fund program.

8 Comcast and PMBDA are designed to
9 assist certified minority women owned
10 businesses obtain short-term working capital
11 financing, to fund the up front cost of the
12 contracts that they receive either from the
13 City, the state, or the Federal Government.

14 And it's low interest money, and it
15 revolves on a assignment of contract proceeds
16 basis of the payments come into PCDC.

17 We re-lend the money out until the
18 contract is completed. Then any free
19 proceeds go back to the contract.

20 It provides them with the capital
21 they need up front to go after contracts they
22 wouldn't necessarily have the resources to go
23 after otherwise.

24 MR. JONES: (Inaudible.)

25 COUNCILWOMAN BLACKWELL: We can't

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2 hear you at all.

3 MR. JONES: One of the things that
4 we note -- A lot of times when we do stale
5 statistics, you don't really understand or at
6 least a lot of people don't understand the
7 impact of giving them that money.

8 That relates to maybe close to a
9 thousand housing units that were -- closer to
10 1500 housing units that minority contractors
11 were able to complete, based on them having
12 the working capital to do that.

13 So, the money that we got, based on
14 what City Council did with the cable
15 companies, was empowered those minority
16 contractors through that program.

17 COUNCILWOMAN BLACKWELL: As you
18 know, I have Urban Cable Works, as does
19 Councilman Nutter. So that's a whole 'nother
20 story.

21 So we don't have the ability -- We
22 don't have the programs that Comcast does.
23 And we have other programs that we have
24 problems that we've tried to let the owners
25 of the cable company know about it. That's a

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2 whole 'nother issue. We won't bring that up
3 today.

4 Mr. Sabur.

5 We talked to Mr. Sutton, and et
6 cetera, and those involved, but we still have
7 the issues.

8 MR. SABUR: I'm sure you do.

9 There is one bright spot with Urban
10 Cable Works. Most recently we deployed the
11 first \$125,000 of \$250,000 obligation that
12 had, you know, after ten years. It's just
13 come around.

14 But what we've done is basically put
15 on the street within the last -- the last six
16 weeks close to \$100,000 in micro loans to
17 businesses in the West Philadelphia area,
18 19139, 19143, 19131, et cetera. And pretty
19 much most of the businesses that we funded
20 are in your district.

21 And the model that we used could be
22 replicated with respect to the businesses in
23 the S.E.P.T.A. area.

24 These are no interest loans. The
25 maximum has been about \$20,000 per business.

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2 They pay up front fees. They pay a one
3 percent fee for commitment fee and
4 administration fee. Then there's a technical
5 assistance fee of three percent. So all they
6 pay is five percent on the loans. And then
7 they pay back the principal over a two-year
8 period.

9 We work with them to make sure that
10 their books are in order, that they're
11 managing the cash properly, that they're
12 filing their tax returns, and that they're
13 really establishing a banking relationship
14 with these dollars.

15 And we feel extremely comfortable
16 that this looks to be a success, with respect
17 to this program. So --

18 COUNCILWOMAN BLACKWELL: So this
19 isn't about cable. This is about small
20 business loans overall.

21 MR. JONES: We're talking about
22 retailers, fruit and vegetable retailers,
23 restaurants, security companies, cleaning
24 systems. There's one company, a very
25 inspiring story, a young lead by the name of

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2 Florence Thompson. She received initially a
3 \$10,000 loan from us, received another \$4,000
4 last week.

5 She has a contract to clean the
6 bridge over at 40th and Walnut. And she's
7 employing nine people. And the work has gone
8 so well thus far that they've given her an
9 additional carpet cleaning contract. So...
10 And we're working with her to develop some
11 other contracts in the University City area.

12 So, these -- And these small amounts
13 of dollars are really nothing to sniff at
14 because we have internal studies that support
15 the fact that the average business gets
16 started with about \$7500, and most of your
17 Fortune 500 firms got started with less than
18 \$10,000.

19 So, we're just really just building
20 on a tradition of entrepreneurship, doing
21 what they do best, and having the capital
22 available to assist them in that regard.

23 COUNCILWOMAN BLACKWELL: Well, we
24 would like to have a list of those people.
25 And we would also like to have, if you have a

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2 general statement or that kind of... or
3 written down that kind of story that goes,
4 the Horatio Alger theme that you can make it.
5 We would really like to have that.

6 We meet with businesses. We've had
7 a lot of -- As you know, we've had two Echoes
8 From Africa that we sponsored in our
9 District. And we have an increasing African
10 population. We've had many meetings with
11 them. We usually meet at University
12 Sciences. We meet with the universities. We
13 met with Penn.

14 We had some problems with people,
15 some individuals, who will remain nameless
16 for the purposes of this hearing, who were
17 harassing these businesses, and calling L & I
18 on them.

19 And, of course, the people who were
20 doing that are no longer in -- no longer have
21 retained their positions who were fighting
22 African businesses because they decided they
23 didn't want them in University City. Those
24 people are gone.

25 But my point is that we're

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2 meeting -- we meet with these businesses. We
3 have an ongoing relationship with them.

4 So we really need the opportunity to
5 be able to let them know that they have
6 opportunities to invest, other than those
7 that we kind of independently try to come up
8 with.

9 Thank you. Alissa Sneed, again, is
10 the point person for our African relations.
11 We meet with them regularly. We do a lot
12 with them. And, you know, thank God they're
13 still hanging in there. But we really need
14 the assistance that the City offers, to help
15 them and to help keep them going on a wider
16 scale.

17 I think I've just about completed
18 most of my questions, especially after I got
19 sidelined on questions dealing with the
20 homeless. That always keeps me going.

21 We are very pleased to read about
22 the types of businesses that you do support
23 in my district. I see the pictures.

24 But like I said, we would just like
25 to be included. Many of them -- I use them

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2 if they're in my district. You know, I use
3 the district. I go to the Bridge Movie. I
4 shop at places.

5 Of course, one person is a former
6 opponent. Short of that, we want to work
7 with everybody. We just want the opportunity
8 to work cooperatively.

9 You know, I'm in this for the long
10 haul. We're committed to our district. I'm
11 committed to my City. I'm committed to
12 people who live, move here, work here, and I
13 believe in it.

14 And I know it's what God has given
15 me to do. So, we are going to do it anyway,
16 but it just makes it a lot easier when we
17 don't have to fight about helping people
18 because we're going to do our part.

19 And we are going to -- And it's what
20 we're supposed to do. But we're all in the
21 City together. We know there are three
22 branches of government, the executive,
23 legislative and judicial.

24 But we have to try to work together
25 to improve the quality of life for people

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2 here. We've done -- You know, God has
3 blessed to do a fantastic job. We've had a
4 couple billion dollars invested in West
5 Philly. And we on the move.

6 We have more meetings today. We you
7 know, I'm on the PHA board. We fought to be
8 on that board. I'm for anybody doing
9 anything on development.

10 And we are going to be there, and
11 we're going to work with people. You have
12 to. And the market is better. You know,
13 people are buying, and people are trying to
14 get housing. People want to develop housing.

15 We have small developers who want to
16 buy one or two or three or eight or ten, on
17 up, properties. They want to invest.

18 We need a little bit of capital. We
19 have private -- We work a lot with the --
20 with minority contractors, from electricians
21 to you name it, plumbers, to people who want
22 to do drywall, the painters who want the
23 opportunity to work.

24 We're always dealing with the
25 pressure of that relationship, to try to keep

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2 them going, and then to try to grow minority
3 developers. And we're happy to do all of
4 that, because it takes all of us together to
5 help everybody. And it's what we have to do.

6 You know, none of us has the ability
7 to do one thing at a time or to do just one
8 issue, to deal with one issue. We have to
9 deal with all of it because all of it makes
10 up a whole life. And leadership is expected
11 to do that.

12 We've had these hearings only to say
13 that we want to work together, you know. I
14 don't like to fight. I only fight if you
15 make me, but I will fight if I have to.

16 But I'm here. You know, I'm here.
17 I'm trying to do the right thing.

18 And Lou used to say, the late Lucien
19 Blackwell used to say, open rebuke is better
20 than secret love.

21 So I think after these years, that
22 it's time to, you know, put it on the table
23 to say, let's start from here. Let's try to
24 work together, collaboratively, to help
25 people.

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2 As you know, again, this is the
3 third time, Alissa Sneed is my project
4 developer. She's out there all the time.

5 We're doing it, you know, one way or
6 the other. And when one door closes, you
7 know, God always opens another. So, we're
8 going to work with the City one way or the
9 other.

10 And after a while, you know who's
11 who. You know who works. We all know who
12 works in government, and we know who doesn't.
13 You know where you go and where you don't go.
14 And you know if you have to go from the back
15 door or front door.

16 But we want to be here. We believe
17 in it. We created this Committee. As you
18 know, it's a new committee, Housing and
19 Neighborhood Development and the Homeless,
20 for this very purpose, so that we have an
21 opportunity to deal with these issues that
22 affect neighborhoods.

23 And we just want the ability to work
24 together to accomplish those ends.

25 So having said that, is there anyone

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2 else who would like to testify?

3 (No response.)

4 COUNCILWOMAN BLACKWELL: Is there
5 anyone else who would like to make any
6 statement with regard to the Committee or
7 this Resolution?

8 (No response.)

9 COUNCILWOMAN BLACKWELL: All righty.
10 We will then recess, subject to the call of
11 the Chair, and we will try to, from here on
12 out, work it out so that we can move on
13 together.

14 Thank you all very much.

15 MR. JONES: Thank you, Madam Chair.

16 (Hearing concluded at 4:35 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me upon the public hearing of The Philadelphia City Council, taken on December 13, 2004, and that this is a true and correct transcript of same.

DAVID A. DEIK, RPR and
Commissioner of Deeds

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