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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING BEFORE THE COMMITTEE OF THE WHOLE

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Room 696, City Hall
Philadelphia, Pennsylvania
Monday, December 16, 2002
10:15 a.m.

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Bill 020764 - Resolution amending the Neighborhood
Transformation Initiative (NTI) Fiscal
Year 2003 Program Statement and
Budget

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PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
COUNCILWOMAN JANNIE BLACKWELL, Vice Chair
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1 12/6/02 - NTI FY '03 Program Statement and Budget

2 COUNCIL PRESIDENT Verna: Good morning,
3 everyone. This is a public hearing of the Committee
4 of the Whole regarding Resolution No. 020764. I
5 would ask Mr. McPherson to please read the title of
6 the resolution.

7 MR. MCPHERSON: Resolution 020764,
8 resolution amending the Neighborhood Transformation
9 Initiative, Fiscal Year 2003 program statement and
10 budget.

11 COUNCIL PRESIDENT Verna: Thank you.

12 Miss Smith, before you give your
13 testimony, I believe some clarification as to
14 exactly what is before Council would help. On June
15 13, 2002 Council approved an NTI FY '03 program
16 statement and budget. The administration is now
17 asking Council to approve amendments to that program
18 statement and budget.

19 Last week the administration circulated
20 to all Council members a proposed new Exhibit A to
21 Resolution No. 020764 which contains those proposed
22 amendments. Some confusion has arisen, however,
23 because the Exhibit A circulated to members of
24 Council appears to contain only changes and
25 additions to the previously approved FY '03 program

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2 statement and budget and does not include matters
3 that remain unchanged from that previously approved
4 statement and budget.

5 I am assuming, therefore, that Exhibit A
6 is not intended to replace the previously approved
7 FY '03 program statement and budget in its entirety,
8 but is simply a list of changes to that program
9 statement and budget.

10 If we approve Exhibit A, then one would
11 have to read Exhibit A together with the previously
12 approved program statement and budget in order to
13 understand the overall program statement and budget.
14 Can you please confirm that this is the case?

15 MS. SMITH: Yes, it is.

16 COUNCIL PRESIDENT VERNA: Well, that's a
17 very easy answer.

18 COUNCIL PRESIDENT VERNA: Would you
19 proceed with your testimony, please?

20 MS. SMITH: Good morning, President
21 Verna and Members of the Committee of the Whole. My
22 name is Patricia Smith, director of Neighborhood
23 Initiative Transformation. I'm here today to
24 testify on behalf of the administration on
25 Resolution 020764, which amends the Neighborhood

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2 Transformation Initiative fiscal 2003 program
3 statement and budget.

4 When the administration transmitted the
5 \$68 million FY '03 budget in May of 2003, we
6 proposed a conservative budget for the first year
7 because many of the planned activities were in the
8 formative stages. The amended budget allocates a
9 total of 102 million in bond proceeds to help
10 eliminate blighting conditions in Philadelphia
11 neighborhoods, create opportunities for
12 redevelopment, invest in housing and neighborhood
13 preservation and improve the City's housing and
14 community development information technologies.

15 The \$34 million budgetary difference is
16 due primarily to the demand for acquisition funding.
17 As of November 2002, the administration has received
18 acquisition requests totaling 43.9 million. We have
19 reviewed and transmitted bills for approval by City
20 Council to authorize the acquisition of more than
21 2,500 properties at an estimated cost of 12.5
22 million including related costs such as appraisals,
23 legal fees and relocations, and, if I may, a hearing
24 before the Rules Committee was held on December 9
25 with respect to that matter.

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2 The administration is preparing a second
3 package of bills that will authorize the acquisition
4 of another 1600 properties in Kingsessing, West
5 Philadelphia, Frankford and Logan at a cost of 11.6.

6 Finally, the Interagency Aquisition
7 Review Team in January will begin to review requests
8 for acquisition funding for the fiscal year 2003
9 spring cycle. If you have not already done so, the
10 administration respectfully requests City Council
11 members to complete a request for acquisition
12 funding form and submit it to the RDA by December
13 23, 2002, and you can send that to the attention of
14 Mr. Michael Kunz, who is the director of
15 development.

16 In addition, the administration has
17 adjusted certain budget line items related to
18 residential demolition costs. In this case the
19 changes include increasing funding for emergency
20 demolitions and project management while reducing
21 the amount of funds allocated for contingency
22 reserves and the wrap-up insurance program because
23 the premium will be paid over five years.

24 Although the administration estimates
25 that it will spend about 34 million in residential

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2 demolitions this fiscal year, it's a net decrease in
3 this budgetary category of about 1.1 million.

4 Finally, the administration is
5 allocating 1 million in bond proceeds for basic
6 clean-and-seal activities. Clean and seal entails
7 removal of debris from nuisance properties and
8 boarding of windows and doors to prevent all
9 unauthorized access and vandalism. The proper
10 cleaning and sealing of a vacant property reduces
11 the risk that it will become a public nuisance or a
12 haven for criminal activity. The City will target
13 clean-and-seal activities to support and enhance
14 other NTI program activities.

15 The administration has set many
16 ambitious goals for fiscal year 2003 covering a wide
17 variety of activities, and I am pleased to report
18 that we have accomplished a great deal during the
19 first half of this fiscal year. To date, the City
20 has begun coordinating planning activities in
21 Strawberry Mansion, Chinatown, Mt. Airy, West
22 Powelton, Cecil B. Moore, Fox Chase,
23 Lawndale/Lawncrest and along portions of the Amtrak
24 corridor.

25 We have also improved processes for

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2 carrying out demolitions to assure that they are
3 performed more efficiently and cost effectively.

4 We researched and developed and
5 prioritized a list of vacant industrial commercial
6 properties for demolition with NTI bond proceeds
7 over the next three to five years, and that
8 preliminary list is appended to the amended program
9 statement and budget.

10 We transmitted, as you know, the package
11 of bills to Council authorizing the condemnation of
12 2500 properties.

13 We launched the community life
14 improvement program, which has issued more than
15 5,700 violations and 2,600 trash and street-related
16 violations in the Sixth and Tenth Districts.

17 We resurveyed dangerous retaining walls
18 and developed preliminary budgets for repair work
19 using new technology.

20 We completed the design specifications
21 for the repair of three walls as part of a
22 demonstration program.

23 We restructured the PHIL loan program to
24 offer 3 and 5 percent home improvement loans and
25 initiated marketing outreach efforts to promote the

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 expanded PHIL program.

3 We issued RFPs and have completed the
4 review of proposals for an Alternative Sub-Prime
5 Home Improvement Loan product and other refinancing
6 tools for victims of predatory loan activity.

7 Similarly, we have issued and reviewed
8 proposals for an intermediary agent to consult on
9 the design and implementation of the employer
10 assisted housing program that was contained in the
11 '03 budget, and we have also completed a detailed
12 data flow chart to document the acquisition and
13 disposition process. This data flow chart will
14 serve as the basis for the automation of component
15 parts of the acquisition process.

16 And we have developed and begun the
17 immediate automating of a baseline system to track
18 expenses and activities supporting the acquisition
19 assembly and disposition of NTI-funded properties.

20 Successful neighborhood development, as
21 we know, requires careful and extensive preparation
22 and I feel that we are well on our way to success.

23 Thank you.

24 COUNCIL PRESIDENT VERNA: Thank you.

25 Miss Smith, the pink bill that we have does not have

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2 much of the detail. Are you going to be proposing
3 the amendment?

4 MS. SMITH: Yes. I'm sorry. I forgot.
5 What we are proposing is to substitute -- and this
6 has been handed out again. It was distributed last
7 Thursday, the amended what we call Resolution No.
8 020764, amended Exhibit A. The budget that was
9 attached to the original resolution on the pink bill
10 was just the summary of changes. This provides the
11 background detail with those parts of the program
12 statement that we are changing. And, again, this is
13 the approved program statement which contains all
14 the detail that has been distributed to Council.

15 COUNCIL PRESIDENT VERNA: Thank you.

16 Miss Smith, what program activities of
17 the NTI program will require City appropriation
18 power versus direct expenditures of the
19 Redevelopment Authority?

20 MS. SMITH: All of the program activity
21 with the exception of the acquisition and
22 disposition of real estate requires appropriations
23 in our City budget. At the time we put together the
24 fiscal year '03 physical operating budget we
25 included a little more than I think \$40 million in

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2 the grants revenue fund to cover the activities such
3 as demolition and some of the other program
4 activities in the housing and neighborhood
5 preservation part. That does not include the
6 specific acquisition-related activities because, as
7 you know, any acquisition of real estate has to be
8 approved by separate ordinances by City Council both
9 under state law and also as outlined in the original
10 authorizing legislation for NTI. So we come back to
11 you with each package of acquisition bills for
12 authorization and that includes budgetary amounts.

13 COUNCIL PRESIDENT VERNA: Thank you.

14 On Page 7 of Exhibit A is a revised
15 projection of how the NTI bond proceeds will be
16 used. The administration is now anticipating to
17 exhaust all bond proceeds allocated to acquisitions
18 in FY '03. Would you explain how future
19 acquisitions will be funded and what the projected
20 amounts will be in years FY '04 through FY '07?

21 MS. SMITH: In the initial budget for
22 the Neighborhood Transformation Initiative program
23 we allocated \$50 million for acquisition costs.

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

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2 MS. SMITH: In the original NTI budget
3 that was approved we envisioned spending \$50 million
4 of bond proceeds over five years to support
5 acquisition. Based on the requests that we received
6 and the requests that are in the pipeline just this
7 fiscal year, we are close to 43.9 million. So that
8 we don't delay reviewing and approving those
9 acquisition budgets, we are allocating the entire 50
10 million in this fiscal year.

11 For the outlying years the
12 administration has been working with the Finance
13 Department, Law Department, and the Redevelopment
14 Authority to put into place what we are calling a
15 recycling agreement. That recycling agreement, as
16 is noted in the footnote on Page 7, that what we
17 will do is use revenues generated by the NTI bond
18 fund of condemnations to finance property
19 acquisitions in the outlying years.

20 Most of the property RDA will condemn as
21 a part of NTI is tax delinquent and/or has other
22 municipal liens recorded against it. When the RDA
23 settles with an owner in the case of an abandoned
24 property, pays the appraised value of the real
25 estate property into court, the City collects the

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2 outstanding delinquent property taxes and other
3 municipal liens up to the appraised value of the
4 real estate. On an annual basis the Mayor will
5 include as part of the City's operating budget an
6 amount equal to the projected share of delinquent
7 real estate taxes and other municipal liens that
8 will be collected for NTI bond-funded condemnations.

9 I asked Mr. Wetzel to quickly put
10 together what we could expect to raise, let's say,
11 for FY '04 immediately, and we are looking at --
12 assuming about \$8 million in real estate taxes that
13 is generated by our condemnations that were approved
14 just last week, or approved at the hearing level
15 last week, we could expect about \$3.6 million in
16 funds that could be used for acquisition next year.
17 That doesn't include projected condemnations that
18 are in the pipeline.

19 It is about, I would say, almost a 50
20 percent return conservatively because of the level
21 of not only tax delinquency on much of this real
22 estate, but a great deal of what we are condemning
23 are vacant lots that have demolition liens against
24 them.

25 COUNCIL PRESIDENT VERNA: That wouldn't

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2 apply to the properties that have a tax lien?

3 MS. SMITH: Properties that were part of
4 the tax, in that instance if we were to condemn
5 those properties, we would be paying the appraised
6 value of the real estate. For example, if it is a
7 lot, usually lots we budget about a thousand dollars
8 in most of the neighborhoods of the city, not all of
9 them, but in that instance the tax lien servicer
10 would be entitled to the appraised value and could
11 collect that as their portion of the return on that
12 investment. We are not required under the
13 condemnation to pay the entire amount of tax
14 delinquency to the tax lien person.

15 COUNCIL PRESIDENT VERNA: Thank you.

16 Can you tell us how many residential
17 structures will be demolished in FY '03 and what the
18 original cost of demolition is for a residential
19 property?

20 MS. SMITH: We have been in the process
21 of readjusting our neighbors for demolition
22 activity, taking into account that the pace is a
23 little bit slower than what we anticipated last May
24 so that we can assure adequate consultation with
25 Council members as well as with community residents.

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2 We are projecting now maybe in the area of 1500
3 demolitions this year.

4 In addition, as I think you may be aware
5 of, we are looking at based on the experience we
6 have gotten now with the first two bid packages, one
7 was a small one and the second one in the Third
8 District in Mantua, the average cost being about
9 14.5, \$14,500. So that is a little bit more than
10 what we were originally projecting.

11 COUNCIL PRESIDENT VERNA: I was going to
12 ask. What had the City been spending on an average
13 residential demolition prior to the NTI program?

14 MS. SMITH: In many ways that's a
15 difficult question to answer because it is not
16 apples to apples comparison. In the past the City
17 let several component parts of its demolition
18 contract and we -- like, for example, the
19 demolition, which is just the taking down of the
20 building, I believe was around 7500. I can
21 double-check that number. But that did not include
22 things like asbestos removal, air monitoring,
23 stuccoing and the like. When you add those costs,
24 my understanding, we were in the area of about 10 to
25 \$11,000. That is what the original number was based

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2 on.

3 COUNCIL PRESIDENT Verna: Can we assume
4 that the 14,500 includes stuccoing?

5 MS. SMITH: Yes, it includes everything
6 including postdemolition treatments according to our
7 new specs.

8 COUNCIL PRESIDENT Verna: Removal of
9 asbestos?

10 MS. SMITH: Removal. It includes
11 everything from soup to nuts. Under our revised
12 specifications we are requiring the prime contractor
13 to be responsible for everything and that in part
14 was based on some of our experience where we had
15 received complaints from neighbors that the
16 demolition may be completed, the taking down of the
17 building, but because a separate contract was
18 responsible for stuccoing or the hauling away of
19 debris, there could be gaps, and we all know the
20 stories when something came down, then three weeks
21 later or four weeks later something would show up.

22 COUNCIL PRESIDENT Verna: And I think at
23 one point in time the City had a very difficult time
24 trying to get contractors to do stuccoing and I
25 recall several years we were told at a budget

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2 hearing that we only had one person doing stuccoing,
3 so I'm glad to hear that this is an entire package.

4 MS. SMITH: Yes, it's an entire package.

5 COUNCIL PRESIDENT VERNA: Can you tell
6 us what is the amount budgeted for relocation in FY
7 '03?

8 MS. SMITH: Thus far, based on the
9 approved acquisitions that just went through
10 Council, I believe it was around 6 million, \$7
11 million all totaled.

12 COUNCIL PRESIDENT VERNA: Can you
13 project how many people will have to be relocated?

14 MS. SMITH: I don't have the numbers for
15 that, but I was correct, it is about \$6 million for
16 this fiscal year. That would include relocation
17 costs that would be related to several ongoing
18 projects. I believe at our last hearing we were
19 looking at about, I think it was 26, maybe around 40
20 total that have been approved, and then depending on
21 the acquisition process I would suspect we could do
22 probably another 50 to 60.

23 It's also difficult to answer the exact
24 number because based on preliminary surveys we may
25 not be aware of the fact of how many individuals --

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2 how many households may be in the house, so these
3 are conservative estimates. For example, you could
4 have a rental property that houses three households,
5 but from when we do sort of like the street surveys
6 in our budget we base it on one. And that's why it
7 is really important as we come with each specific
8 ordinance we provide those details.

9 COUNCIL PRESIDENT VERNA: Thank you. I
10 don't want to dominate this. I have a few more
11 questions, but I see Council members have their
12 lights on. At this time the Chair would like to
13 recognize Councilwoman Tasco.

14 COUNCILWOMAN TASCO: Thank you. Good
15 morning.

16 MS. SMITH: Good morning, Councilwoman.

17 COUNCILWOMAN TASCO: I was looking at
18 Page 3. I was just looking at the calculation for
19 the housing and neighborhood preservation. In the
20 first column it totals 14 million and in the second
21 column you deducted 500,000, but nothing else
22 changes and you still come up with 14,500.

23 MS. SMITH: What we did is vacant
24 property stabilization, which was what we call the
25 high-level treatments of stabilization, since we are

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2 running a little bit slower in that, we took out
3 500,000 and then in clean-and-seal activities we
4 allocated a million, so the differences of the
5 500,000 is because we added a new million dollars.
6 And what the intent there is to do more basic clean
7 and seals in support of the NTI work.

8 COUNCILWOMAN TASC0: So on Page 4 at the
9 top you are striking those items, the side yards?

10 MS. SMITH: It is not so much that we
11 are not going to do them. What we found based on
12 our experience reviewing the first set of
13 acquisition requests and looking at the pipeline was
14 that we found that these became artificial numbers
15 and it made more sense to look at it from a monetary
16 standpoint, so that's why I rewrote the section
17 beginning on Page 23 to encompass all the
18 acquisitions, different types that we intend, and
19 that would include landbanking, assembly for
20 specific development projects and acquiring
21 stabilized buildings for rehab, and under
22 landbanking we include as a part of that vacant lots
23 that we consider suitable for disposition as side
24 yards.

25 COUNCILWOMAN TASC0: So the items you

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2 have stricken are picked up someplace else?

3 MS. SMITH: Yes. It is more, I feel,
4 like a language change because the numbers were
5 based on the experience of the first half of this
6 fiscal year. They were artificial numbers.

7 COUNCILWOMAN TASC0: In your testimony
8 you talk about the design and specification for the
9 three retaining walls and one that you have done --
10 resurveyed dangerous retaining walls and developed
11 preliminary budgets for repair work using new
12 technologies. What does that mean?

13 MS. SMITH: As you know, included in the
14 FY '03 program budget was the allocation of a
15 million dollars to look at how do we deal with the
16 issue of what we have been calling private
17 infrastructure, which includes everything from
18 retaining walls, driveways, curbs and sidewalks. At
19 the time we envisioned thinking about how to do
20 retaining walls, which can be very expensive
21 propositions, in a different way, and there has been
22 a lot of research done on how we can design and
23 repair walls in a less costly manner.

24 So we have completed all that work. We
25 went back out and looked at all the known dangerous

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2 retaining walls, imminently dangerous retaining
3 walls, and have categorized those. The managing
4 director's office is in the process of prioritizing
5 that list, and I don't remember the exact number. I
6 believe it was around 20? I'm sorry; around 70
7 walls altogether that we went and looked at to look
8 to determine to what extent they were dangerous, and
9 then we selected three walls to actually use the
10 million dollars to repair and that's what the design
11 work has been completed on.

12 COUNCILWOMAN TASCO: So three walls will
13 cost you a million dollars.

14 MS. SMITH: I'm not sure of the exact
15 number on the cost of that. I will ask Paul.

16 So far the three walls would cost us
17 \$370,000.

18 COUNCIL PRESIDENT VERNA: I'm sorry.
19 Whoever answered that, come up to the witness table
20 and identify himself and respond to the question.

21 MR. LONEY: I'm sorry, Council
22 President. My name is Paul Loney, representing the
23 Department of Streets.

24 What we did is we looked into these and
25 in a pilot program we are designing the three walls

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2 that are going to be done. Now, the approximate
3 cost of that is around \$370,000 we are assuming. We
4 have not gone out to bid yet, but our best engineers
5 are on this and that's what they assume for these
6 three walls.

7 A lot of the other walls are not as
8 expensive, but these are ones that are very
9 problematic and very big and are very expensive, and
10 that's why these are a little more expensive than
11 the general wall would be in the future.

12 COUNCILWOMAN TASCO: Could you tell me
13 where they are?

14 MR. PAUL: There is one wall that is
15 located in the Fourth Councilmatic District, one in
16 the Eighth Councilmatic District and one in the
17 Ninth Councilmatic District. There is one on
18 Mascher Street, I believe that is in your
19 Councilmatic District. There is one that has been
20 isolated at Nedro Avenue in Councilwoman Reed
21 Miller's district, and there is one at 62nd and
22 Berks that has been identified in Councilman
23 Nutter's district. They are under design now. That
24 should be finished by the end of the year and we are
25 looking to go out to bids in the spring.

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2 COUNCILWOMAN TASC0: Has there been any
3 investigation into the use of the new interlocking
4 brakes that are being used now?

5 MR. LONEY: Our instructions to our
6 design engineers were to use this new technology.
7 That is part of the design. We are designing these
8 walls with our own structural people and they have
9 been instructed to use these new materials that they
10 feel very comfortable and confident in using, and
11 that is the design. If anybody is interested, I
12 have one of the designs right here with me. If
13 anyone would like to see that, I would be glad to
14 share that with anyone on Council.

15 COUNCILWOMAN TASC0: Thank you very
16 much.

17 Let me ask you about your RFP process
18 for the Sub-prime Home Improvement Product. Where
19 is that? What has been the response and where are
20 you in terms of moving this program along?

21 MS. SMITH: In September we issued an
22 RFP and received responses from, I believe it was,
23 four respondents. I'm looking for my little note.
24 There's a lot of information to keep.

25 COUNCILWOMAN TASC0: Yes, big program.

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2 MS. SMITH: I can read from my writeup.

3 On the antipredatory lending proposals, OHCD
4 received five proposals in response to the RFP, two
5 to provide home improvement financing for sub-prime
6 ballot bar, two to provide a program for refinancing
7 predatory loans and one for strictly community
8 outreach services. We have not yet awarded the
9 contracts but are requesting additional information
10 from the Greater Philadelphia Urban Affairs
11 Coalition regarding their proposal for a loan
12 product that would involve, I believe it was, four
13 banks in terms of putting together financing, and
14 the structure of that program was essentially taking
15 the City NTI bond proceeds and using it as a loan
16 loss reserve or guaranty so the banks would be more
17 willing to use their funds to do the actual lending
18 and so it is not a program that will be run out of,
19 say, government. It will still be operated by the
20 banks and we would be playing, say, this role of a
21 guarantor.

22 In addition, there was a proposal --

23 COUNCILWOMAN TASCO: Let me back up on
24 this. I think what you might want to do is check
25 with the urban coalition on that statement because

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2 I'm not sure that is a correct situation. In terms
3 of their being requested to provide additional
4 information, I understand that they are waiting to
5 hear the results of the process.

6 MS. SMITH: The letter I believe went
7 out this week, or last week. I'm sorry.

8 COUNCILWOMAN TASCO: To the urban
9 coalition asking for additional information?

10 MS. SMITH: Yes. And essentially after
11 the proposals were due we had several inhouse
12 meetings reviewing all the proposals and meetings
13 ranking the proposals and that took us about 45 days
14 in total, and so based on those reviews we just
15 requested some clarification and additional
16 information, but we expect to go to contract by the
17 first quarter of 2003. So I feel really good. This
18 was a new program design and I feel like we are
19 moving along well on that.

20 The second part, revision, the
21 refinancing of existing victims of predatory loans,
22 in there we are looking at selecting the Home
23 Ownership County Association, ACORN, and an existing
24 program run by the reinvestment fund. It is
25 anticipated again that the contracts will be made

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2 following our meetings to nail down some specifics
3 in the first quarter.

4 COUNCILWOMAN TASC0: What about the PHIL
5 loan program?

6 MS. SMITH: The PHIL loan program, we
7 are really excited about that program. It has been
8 restructured so that it now provides 3 and 5 percent
9 loans. We, in fact, unveiled the new marketing
10 campaign. I believe it was in October of this year.
11 PNC Bank in particular has been at the forefront of
12 bringing marketing resources to help promote the
13 program. We are in the process of designing a web
14 page specifically for PHIL loan. We have gotten
15 donation of billboard space from Clear Channel to
16 promote the 3 percent loan.

17 The 3 percent loan is available to
18 homeowners whose incomes are approximately up to 115
19 percent of medium, which is a change from the old
20 program, and that is about 70, 75,000 for a family
21 of four. A 5 percent loan is available to anyone
22 without income restriction because we really want to
23 use this program to help stimulate people investing
24 and improving their homes.

25 COUNCILWOMAN TASC0: And you will begin

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2 marketing that when?

3 MS. SMITH: We have already done
4 marketing through some of the traditional ways. The
5 City has done that. That's including mailers in our
6 water bill and we are going to start including that
7 in PGW. We are talking about looking at an insert
8 with something like the Metro as a way of getting
9 the word out and then, as I said, the donated space
10 on billboards.

11 COUNCILWOMAN TASCO: Thank you.

12 COUNCIL PRESIDENT Verna: At this time
13 the chair recognizes Councilman Goode.

14 COUNCILMAN GOODE: Thank you, Madam
15 President.

16 Good morning, Miss Smith. How do
17 faith-based groups access NTI programs, churches
18 that have been involved in housing development for
19 years who in many cases have made the largest real
20 estate investments within their neighborhoods and
21 want to look out to do maybe some spot development?

22 MS. SMITH: Again, usually the starting
23 point for any development activity, as you know, is
24 the assembly or acquisition of land, so if there is
25 an organization or a faith-based community group

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2 that's interested and has a development proposal,
3 the first step would be to complete the request for
4 acquisition funding that's with the Redevelopment
5 Authority.

6 It is my understanding that the
7 disposition of land to a faith-based organization,
8 not a 501-C-3, a faith institution, has to be at
9 fair market value. So that's one difference then.
10 Sometimes we dispose of it for less than fair market
11 value.

12 COUNCILMAN GOODE: I'm actually thinking
13 about churches that have formed community
14 development corporations and more specifically about
15 a project in West Philadelphia, Councilman Nutter's
16 district, called the Phoenix project which involves
17 maybe seven or eight churches that are looking to do
18 spot development.

19 MS. SMITH: Again, we ask -- for
20 specific development projects we have a form now.
21 It's not a complicated one. It really asks basic
22 information about the project, about what property
23 specifically they seek the City to acquire, and then
24 we ask them very preliminary information on what we
25 call your financing scenario so that we know that

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2 the resources are there to carry out the project.
3 That can be obtained from the Redevelopment
4 Authority by calling Mr. Michael Kunz for this.

5 COUNCILMAN GOODE: So Councilman Nutter
6 and myself should probably put in a request form by
7 next Monday.

8 MS. SMITH: The 23rd. It is the same
9 form that we have been using. We have kind of been
10 out with it since May. We tweaked it a little bit
11 based on experience in the first round of reviews.

12 COUNCILMAN GOODE: Thank you.

13 Second question is do you have any
14 minority participation numbers to date for the NTI
15 program?

16 MS. SMITH: I can get that. We looked
17 at some numbers on the Strawberry Mansion demolition
18 that took place with 31 properties and I can get
19 back with you with the specifics, but we did, I
20 believe, meet our goals both on work force
21 participation including neighborhood residents. It
22 was close to 70 percent.

23 COUNCILMAN GOODE: I'm interested in the
24 percentage of contracting and work force.

25 MS. SMITH: And on the contracting side

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2 we met our goals also. One of the advantages of
3 using the strategy of doing everything soup to nuts
4 as part of the demolition package is that it offers
5 more subcontracting opportunities, everything from
6 the asbestos to hauling away of debris to stuccoing.
7 There's more opportunities.

8 Someone just handed to me -- we are 70
9 percent participation on contracting. You have to
10 come up.

11 MR. ROTHSTEIN: Lance Rothstein from the
12 capital program office. We have a monthly report
13 from the GPUAC which we could share copies of with
14 the exact percentages. On the employment side, the
15 equal opportunity plan side, we are just over 70
16 percent minority participation, and when you look at
17 the zip code breakout, we are at about 10 percent
18 participation from the Strawberry Mansion
19 neighborhood itself.

20 On the subcontracting side, I haven't
21 seen those numbers in the past couple days, so it's
22 not fresh in my mind, but it is about 45 percent
23 total participation on the subcontractors' side.

24 MS. SMITH: And that was our goal I
25 believe?

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2 MR. ROTHSTEIN: Yes.

3 Thank you, Madam President.

4 COUNCIL PRESIDENT VERNA: Thank you.

5 Mr. Rothstein, aren't we and Council

6 supposed to be getting monthly reports based on

7 participation? It was in the original ordinance.

8 MS. SMITH: I remember as part of the

9 original ordinance we are to submit a quarterly

10 report on the expenditure of proceeds and we are in

11 the process of finalizing that.

12 COUNCIL PRESIDENT VERNA: I direct you

13 to Page 14 of the original and it does say, "Over

14 the initial five-year period of the NTI the City of

15 Philadelphia through its departments and agencies

16 will prepare monthly reports and update of

17 employment and contracting activities for NTI which

18 summarizes the following: Utilization of MWDBS,

19 commitments made with such businesses, the hiring

20 and employment of minorities and females, the

21 training programs utilized and the placement rates."

22 MS. SMITH: As I said, we just received

23 the GPUAC report. I apologize that we didn't do any

24 reports in the interim and that was on the

25 Strawberry Mansion one.

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2 COUNCIL PRESIDENT Verna: We look
3 forward to seeing monthly reports from here on in,
4 please.

5 MS. SMITH: Okay. Thank you.

6 COUNCIL PRESIDENT Verna: Councilman
7 Goode, are you finished?

8 COUNCILMAN GOODE: Yes.

9 COUNCIL PRESIDENT Verna: Councilman
10 DiCicco.

11 COUNCILMAN DICICCO: Thank you, Madam
12 President.

13 Good morning. Miss Smith, during the
14 process of demolition and cleaning and sealing, one
15 of the concerns that we have expressed in the past,
16 or I know at least I have, is the cost of that
17 service or the cost involved to perform that
18 activity. Generally it should involve a lien
19 against that property; am I correct?

20 There has been some legislation that was
21 going around in Harrisburg some time ago and we have
22 discussed it in this chambers about being able to
23 accelerate the time in which we can acquire those
24 properties because these are people that basically
25 you have abandoned properties left to deteriorate

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2 and for the most part help cause or accelerate the
3 blight of most neighborhoods and now the City comes
4 along and we have to pay taxpayers' dollars
5 basically to remove the blight that was caused by
6 private individuals. Where are we in that process?

7 MR. KUNZ: My name is Michael Kunz. I'm
8 director of urban renewal activities at the
9 Redevelopment Authority. I'm assuming you are
10 talking about the bill that was sponsored by
11 Representative Keller in Harrisburg?

12 COUNCILMAN DICICCO: Yes.

13 MR. KUNZ: What we have been able to
14 accomplish so far is to put a limit on the amount of
15 time that the money has to actually sit in court
16 before we can withdraw that money. We reduced that
17 down to a year as opposed to five years.

18 COUNCILMAN DICICCO: When you say
19 "money," what money?

20 MR. KUNZ: When an owner is absent and
21 we can't contact the owner after we condemn this
22 property, we pay the money into court. Heretofore
23 before this legislation we actually had to wait five
24 years to see if anyone came forward before we could
25 withdraw the money. We reduced that down to a

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2 one-year period.

3 COUNCILMAN DICICCO: Does the amount of
4 a lien against a property have any bearing on that
5 process or any other processes in terms of the City
6 being able to take ownership quicker?

7 MR. KUNZ: As far as speed, no, it
8 doesn't.

9 COUNCILMAN DICICCO: I see Miss Smith
10 was shaking her head in the affirmative, so...

11 MS. SMITH: I look at it, what it does
12 is that -- what it means is that an owner who has
13 not maintained their property and if we condemn it,
14 we get the right to deduct both the demolition liens
15 which we file as a matter of course plus our
16 administrative costs plus any delinquent taxes.
17 That comes back to the City so that you don't have
18 an owner who has neglected their properties for
19 years and years and years benefitting from that
20 because of the appraised value, and in most
21 instances our --

22 COUNCILMAN DICICCO: Excuse me. If I
23 may interrupt, that is because in some cases -- and
24 correct me if I'm wrong -- either the taxes and back
25 taxes or the cost of cleaning and sealing, as an

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2 example, are less than the actual value of the
3 property?

4 MS. SMITH: Yes. That is because --
5 yes, they are higher than the value of the property.

6 COUNCILMAN DICICCO: They are higher.

7 MS. SMITH: The demolition lien, any
8 other activity that we have taken to eliminate
9 blight, to stabilize the property, we convert that
10 into a municipal lien and put it against the real
11 estate, and when the fair market value, which is
12 what you have to pay in the court, that is generally
13 less than all our outstanding liens, so we get our
14 money back in effect.

15 In terms of the timing, how long it
16 takes, what we have been successful at, thanks to
17 the work of the Philadelphia delegation and
18 leadership of Representative Keller, is to secure
19 the passage of legislation that took out some of the
20 administrative requirements both on the eminent
21 domain side of taking property as well as the Act 94
22 side, and that was passed I believe almost
23 unanimously in October of this year. And we
24 introduced the legislation last year.

25 COUNCILMAN DICICCO: The other question

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2 I have is in the same area and I have raised this
3 several times over the last few years. This Council
4 passed legislation I think maybe three years ago --
5 it might have been a little bit longer, maybe two
6 years, anywhere from two to four years ago.

7 Basically what it says is that the department of
8 L & I has the authority to fine a property owner.
9 Every day after the amount of time that the property
10 owner is given to either replace the windows and
11 doors, as an example, to the amount of \$300 per door
12 and window. I know Mr. Sibibley is in the audience
13 today and I have asked this question time and time
14 again. It is my understanding that we are still not
15 enforcing that and I think that would act as a great
16 deterrent.

17 The purpose of the bill was to put the
18 owner of the property in the position where they
19 would have to do one of a few things. One is you
20 would fix up the property; two, you would sell it;
21 or, three, if you didn't think there was any value,
22 you could turn it over to the City. That was really
23 the genesis behind my thinking when I introduced
24 that bill some time ago, and what's happening is I
25 think we are allowing these properties to sit there

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2 until we get around to cleaning and sealing them and
3 the irony of this is the bill requires the property
4 owner not to board up the doors and windows but to
5 replace the doors with a door, replace the window
6 opening with a window. We, in effect, are going
7 back and doing exactly what we are saying to the
8 property owner they should not be doing and we are
9 going to fine them if they do.

10 Do you have any knowledge -- or I don't
11 know if Mr. Sibibley is in the room -- where we are
12 in this process? I keep talking about my signature
13 building at 23rd and Arch where the owner of that
14 property is probably asking an excessive amount of
15 money for the sale of that property and it has been
16 sitting there vacant for about 15 to 20 years, and
17 if you are going to go out and hit him with a
18 lien -- first of all, we are not going to be in a
19 position to clean and seal that building. We are
20 going to spend most of the money we have allocated
21 for the other things we have to do. Where are we in
22 that process?

23 MR. SIBIBLEY: Good morning. I'm Robert
24 Sibibley, Department of Licensing and Inspections.

25 Councilman, the ordinance reads

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2 accessible windows and we have worked with NTI and
3 the managing director about having the language
4 changed to windows plural, period. Let's take 22nd
5 and Arch Street. The windows on the first and
6 second floors I believe and in some areas of the
7 third floors are in fact sealed. Another big
8 building similar to that in Councilman Clarke's area
9 is at Broad and Lehigh, the old Botany 500 building,
10 where the windows on the upper floors are open to
11 the elements and the bottom floors are sealed.

12 We have suggested and it is being I
13 believe worked through Council in an ordinance that
14 all doors and windows have to have doors and windows
15 in all openings and then that is an enforceable bill
16 for us.

17 COUNCILMAN DICICCO: I certainly had
18 every intention of that kind of legislation. If it
19 passed me, I apologize, but I wish I would have
20 known sooner. The blight is what you see obviously.

21 MR. SIBIBLEY: I agree. And when we
22 read it after a Council hearing two years ago --
23 maybe a year ago. I forget right now -- we saw that
24 the word "accessible" was in there which would
25 eliminate the upper floors. If you look at 22nd and

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2 Arch as an example, on the railroad in the back we
3 have the windows sealed two floors above that in the
4 back and in the front it's only the first and second
5 floor that it is wide open.

6 COUNCILMAN DICICCO: You say you are
7 working through Council on amending that bill?

8 MR. SIBIBLEY: The Law Department sent
9 over a revision of the bill, which I believe there
10 was going to be a committee hearing last week and it
11 was delayed I believe for a week.

12 COUNCILMAN DICICCO: To what committee,
13 L & I?

14 MR. SIBIBLEY: I'm not sure. Councilman
15 Clarke I know was on it, is involved. I'm not sure
16 if it is the L & I committee or not, Councilman.
17 Probably the L & I committee. They are shaking
18 their heads in the back. It is the L & I committee,
19 to have all windows and doors included, and as we
20 saw going around with --

21 COUNCIL PRESIDENT VERNA: The Chair
22 recognizes Councilman Mariano.

23 COUNCILMAN MARIANO: It is tomorrow 10
24 o'clock in this building.

25 MR. SIBIBLEY: The benefit that I see

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2 in the neighborhoods is the mom and mop stores,
3 mostly you see doors and windows on the first floor
4 and it's sealed above it. That creates similar
5 problems for L & I in that you don't know the
6 condition of the roof because they seal it and it is
7 painted like with ugly colors usually and it makes
8 it difficult for us to inspect. We found some of
9 them when we were using the helicopter to see the
10 rooftop conditions of vacant buildings with roofs
11 who have holes in the roof and we would be able to
12 enforce it, so the big benefit will be when we go to
13 mom and pop stores and order them to have doors and
14 windows on all openings.

15 COUNCILMAN DICICCO: But, again, I
16 understand most of the properties -- and I will use
17 the 22nd because it is such a visual eyesore, one of
18 the gateways into the city, and it is so
19 prominent -- is the majority of the properties that
20 I know of in not only my district but throughout the
21 city that are vacant are boarded up on the first
22 floor as well as the upper floors. I don't see many
23 properties where you have doors and windows on the
24 first floor that are accessible and in good
25 condition and the floors are -- I'm sure there are

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2 some exceptions. So we have not done any
3 enforcement in that area either?

4 MR. SIBIBLEY: That's probably correct.

5 COUNCILMAN DICICCO: When the
6 commissioner was here either at hearings or in
7 private conversation, he mentioned that L & I has
8 been -- and I'm not trying to condemn L & I, but I'm
9 trying to figure out why is it still taking us three
10 or four years to enforce this law that has been on
11 the books all this time when I look at the Jefferson
12 Square area where we are doing our housing
13 development, and because of the efforts that we have
14 made in demolition and our plan basically to start
15 housing construction the end of January, beginning
16 of February of 2003, property values are going up
17 and those properties that are going up are vacant,
18 boarded-up properties, which really contributed to
19 the blight that government has to invest millions of
20 dollars in now to correct. Why should not these
21 owners be penalized? I guess that is really in a
22 nutshell what I'm trying to get to. Why are we
23 still not penalizing property owners for allowing
24 their properties to deteriorate or lead to
25 deterioration or help the deterioration of

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2 neighborhoods.

3 I think we have been too lenient for
4 decades and this bill has been on the book for three
5 to four years and we still haven't done anything
6 with it.

7 MS. SMITH: I will follow up with the
8 commissioner on that, Councilman.

9 COUNCILMAN DICICCO: Well, again, with
10 all due respect, I think this is probably the fifth
11 or sixth time I have raised this since the bill has
12 passed and it has to be at least three years. What
13 I'm suggesting, I think this could be helpful to
14 what we are trying to do here. All too often people
15 are sitting around inheriting buildings or whatever
16 it is and they sit there and speculate for years.
17 No regard or respect for the community in which
18 those properties are in. We basically allow them to
19 do it. And then somebody who lives in a home, has a
20 cracked pavement, we are out there in five minutes
21 citing them for a broken pavement. There's
22 something wrong, and I thought we were correcting
23 that when we did this bill.

24 I have no further questions, Madam
25 President.

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2 COUNCIL PRESIDENT Verna: The Chair
3 recognizes Councilman Rizzo.

4 COUNCILMAN RIZZO: Mr. Sibibley, I would
5 like to follow up on Councilman DiCicco's question.

6 When we have a building that the first
7 few floors are sealed and the remainder of that
8 billing is open, what occurs to the integrity of
9 that building? What kind of a hazard are we
10 allowing to develop when the elements, the rain, the
11 snow, have the ability to penetrate that building?
12 Are we talking about a building that eventually, if
13 not sealed, could collapse?

14 MR. SIBIBLEY: It further deteriorates
15 the structural members of the building by the
16 weather. The floors become soft. The wood rots.
17 Absolutely correct. It deteriorates the structural
18 integrity of the building.

19 COUNCILMAN RIZZO: So if we had a fire
20 in a building like that, our firefighters would be
21 dealing with an issue that is not as obvious to them
22 as could be. We could have a building that after a
23 fire begins, they try to fight that fire, we could
24 have a building that could collapse a lot faster
25 than normal?

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2 MR. SIBIBLEY: Possibly, yes, yes. What
3 we do with the Fire Department, though, we do share
4 a list of buildings that we have identified as
5 having structural problems and I'm almost positive
6 that they make their district fire stations aware of
7 what the list is, and we work with them in
8 identifying and demolishing buildings that may be of
9 particular concern to the fire department. We work
10 very closely with them.

11 COUNCILMAN RIZZO: I would assume that
12 as professional firefighters, when they arrive on a
13 location like that, they are pretty aware of the
14 potential of a collapse, but basically what you are
15 saying is that an open building like that, that
16 process is accelerated because of it being open to
17 the elements?

18 MR. SIBIBLEY: That's correct. The
19 structural integrity as far as collapse, the fire
20 can cause collapse issues, yes.

21 COUNCILMAN RIZZO: Thank you.

22 Thank you, Madam President.

23 COUNCIL PRESIDENT VERNA: You're
24 welcome.

25 Actually, aren't we simply ensuring that

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2 demolition will have to take place if we are only
3 sealing the first floor of the building?

4 MR. SIBIBLEY: We seal all openings
5 where it's safe enough to go -- if you can get to
6 the third floor or the second floor from the
7 interior, we seal all openings. It's where the
8 buildings are too dangerous for the men and women to
9 walk upstairs that they leave the upper floors open
10 and then with that our clean-and-seal crews forward
11 that information to contractual services and we
12 declare the building dangerous because of that and
13 put it on the list of buildings to be demolished.

14 We found that our best inspectors are in
15 fact our clean-and-seal personal as far as what the
16 interior looks like.

17 COUNCIL PRESIDENT VERNA: I couldn't
18 hear what you said. I'm sorry.

19 MR. SIBIBLEY: Our best inspectors are
20 our clean-and-seal personnel as far as the condition
21 of the interior of the properties.

22 COUNCIL PRESIDENT VERNA: I just feel if
23 the second floor is not sealed it's an insurance
24 that we are going to have to demolish.

25 MS. SMITH: Pat Smith.

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2 One of the things that we are going to
3 be looking at as part of the clean-and-seal program
4 is the whole issue. As I think Mr. Sibibley pointed
5 out, sometimes there is pros and cons. If you do
6 everything, does that make it more difficult to find
7 things like missing roofs? Do we have to do more
8 overflight review of vacant buildings so that we can
9 coordinate that? So, as with many other
10 methodologies that we are using, we are going to be
11 looking at the clean-and-seal program so that it is
12 much more consistent with the NTI principles.

13 COUNCIL PRESIDENT VERNA: The Chair
14 recognizes Councilwoman Miller.

15 COUNCILWOMAN MILLER: Thank you, Madam
16 President. I just have a few questions. I just
17 wanted to get a few more details regarding the
18 relocation plan and I understand it's three
19 categories, emergency, temporary, permanent, and
20 that is going to be handled by risk management? I
21 was actually looking for the page, but I couldn't
22 find it, where I read that, regarding residential
23 demos.

24 MS. SMITH: In regard to regular
25 demolition -- starting on Page 10, and this is still

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2 the same language that was in the original bill,
3 generally speaking sometimes as a result of either
4 demolition activity or the condition of the
5 buildings next to an occupied property, the City in
6 the past has worked with the Licenses and
7 Inspections through the Office of Risk Management
8 and the office of OESS for any what we call
9 emergency or temporary demolitions, and in some
10 instances, if for some reason the demolition
11 activity of the City caused permanent damage to
12 someone's house, that's why risk management is
13 involved. Sometimes there is the need as a result
14 of that claim to do a permanent relocation. That
15 work is coordinated out of risk management, but key
16 partners are L & I as well as OESS.

17 COUNCILWOMAN MILLER: I understand that.
18 Have we had to use the temporary relocation plan for
19 people that are getting buildings demoed either for
20 the emergency demolitions or NTI demolitions?

21 MS. SMITH: Thus far we have not used
22 any of the NTI bond proceeds, but I do believe that
23 on a routine basis, because there is also resources
24 in the general fund, we had to temporarily relocate
25 people on an emergency basis. Again, there has been

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2 much activity in connection with our emergency
3 demolitions.

4 COUNCILWOMAN MILLER: Can you describe
5 temporary? Actually what services do you offer?
6 Because I have had a couple constituent calls
7 regarding that.

8 MS. SMITH: Generally speaking we find
9 temporary housing usually in a hotel type of
10 situation. There's contracts with people like the
11 Red Cross and Salvation Army to find temporary
12 housing for individuals.

13 COUNCILWOMAN MILLER: But it's always
14 offered, correct, if it is needed?

15 MS. SMITH: Yes.

16 MR. SIBBLEY: As far as temporarily
17 out of the home, that's very rare. Usually the
18 temporary implies that people are being asked to
19 leave their property because it's imminently
20 dangerous and we temporarily put them in a living
21 arrangement while the OESS works and makes -- finds
22 permanent housing, alternate housing for them. It's
23 very rare that we would temporarily take somebody
24 out.

25 COUNCILWOMAN MILLER: We had that

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2 situation, Bob, if you recall in my district where
3 the wall was threatening to fall on a property.
4 Until you took the wall down, you wanted the
5 neighbors to temporarily move out.

6 MR. SIBIBLEY: Yes, in that case.

7 COUNCILWOMAN MILLER: So that is one of
8 the rare cases?

9 MR. SIBIBLEY: That was one of the rare
10 times that we have that. That was very unusual in
11 that there were so many sides to that building that
12 it was so long that we had that problem with that
13 building.

14 COUNCILWOMAN MILLER: Only because we
15 have gotten a few calls from people where maybe we
16 have been on a blight tour and then we go back and
17 we are going to do some demos and I had one person
18 calling me regarding someone told him that he needed
19 to leave the house for a day or so and I pushed him
20 to say that I know that the City offered you some
21 services here, so it is just the same, usual,
22 customary, goes to risk management like we worked
23 together on many occasions with people that had to
24 be temporarily placed for emergency placement.

25 MR. SIBIBLEY: That's a scam. We put a

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2 press release out about that several weeks ago that
3 people are using the name Robert Hawthorne as
4 working for Robert Hawthorne and the demolition is
5 going to start tomorrow and asking people to leave
6 and Robert Hawthorne no longer exists as a company
7 in Philadelphia and it's just a scam to get people
8 out of their homes. About a month or two ago we put
9 a press release out and I will share that with -- I
10 will get a copy of it and share it with Pat to give
11 to the committee, or the managing director's office
12 to give to the committee.

13 But it is definitely a scam that if a
14 person comes to their house -- we don't send
15 contractors. Neither L & I nor will NTI have a
16 contractor tell people to leave. It will be City
17 officials that will be working with that family, not
18 just telling them to get out temporarily like that.

19 COUNCILWOMAN MILLER: I would appreciate
20 getting that information. I'm sure all Council
21 members would.

22 I have a couple more questions.
23 Earlier, Pat, you stated that you would make a
24 determination on whether a vacant lot is suitable
25 for a side yard. You used the word "suitable." So

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2 what makes a vacant lot suitable or unsuitable for a
3 side yard?

4 MS. SMITH: If you turn to what we have
5 outlined in the program statement on Page 25, the
6 City will prioritize side yards for the disposition
7 from a condemnation activity. There are other side
8 yard programs, as you know, that currently exist.
9 Abutting or adjacent properties occupied and that
10 person living next door behind the property
11 expressed interest in taking title to the property
12 in a residential neighborhood. The number and the
13 size of the vacant buildings or the lot in the area
14 does not make it inappropriate.

15 For example, it would not be appropriate
16 in some instances to dispose of a property as a side
17 yard when there is a significant amount of vacancy
18 and we may want to assemble that land for
19 developmental purposes, and then if we have an
20 interest expressed by a community organization, a
21 school, institution of faith or other business in
22 maintaining and taking title to lots. So these are
23 the type of things that we will look at for side or
24 acquisition requests from a condemnation. And then
25 individuals can still initiate some side yard

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2 acquisitions through the sheriff sale process.

3 There are a number of councilpersons who
4 are beginning to put a hold on or a moratorium on
5 side yard acquisitions and dispositions until we
6 have finalized more of the land assembly work so
7 that we won't be working in conflict with the two
8 objectives.

9 COUNCILWOMAN MILLER: That makes sense.

10 Going back to the question on the cost
11 and what is included in the costs that a contractor
12 receives to do demolition, and I guess I'm talking
13 more emergency curbside demolitions, not where we
14 are doing a whole block or whole string, because I'm
15 leading to the question regarding fencing. Now, I
16 know for the larger demolitions you try not to do
17 fencing. You are trying to do natural things,
18 bushes or whatever, but what about the individuals;
19 is there a line item in the budget for fencing? For
20 example, I know of a demolition that just occurred.
21 It was curbside, and it's next to a club, an Elks
22 Lodge actually, and so now the people that live near
23 and about that demolition are asking me if there is
24 going to be a fence put up. But I believe the
25 contractor did tell someone that there is going to

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2 be a fence put up. So does that come out of the
3 contractor's money if a fence is needed, or where in
4 the budget is fencing?

5 MS. SMITH: In the original NTI program
6 statement we indicated that we will look at requests
7 for fencing connected to demolition activity, so on
8 a case-by-case basis that is generally funded out of
9 the operating budget as opposed to our ability to
10 use NTI proceeds for that type of activity as part
11 of the demolition work, and that goes -- those
12 decisions are generally made by L & I on a
13 case-by-case basis in consultation with the managing
14 director's office. So we have not yet programmed
15 regular fencing as a part of this.

16 In addition to that, we have begun
17 treating larger vacant lots using privately raised
18 money that, for example, the eight kick-off sites
19 where we have done lot cleaning, we did greening and
20 tree planting activities that was with privately
21 raised money by the Pennsylvania Horticultural
22 Society and then the empowerment zone has a program
23 where they are able to fund the treatment and
24 stabilization of large vacant lots out of their
25 dollars for that.

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2 COUNCILWOMAN MILLER: But there is money
3 for fencing?

4 MS. SMITH: It's on a case-by-case
5 basis. There is not a lot of resources available
6 for that in the operating budget.

7 COUNCILWOMAN MILLER: One more question.
8 Mr. Loney, what happens to the other retaining
9 walls? We sent you a list. So the million dollars
10 is gone.

11 MR. LONEY: Well, it's not gone yet.
12 Again, Paul Loney from the Streets Department. I
13 would like to share one more thing with you. What
14 we have decided to do was take the next step with
15 all the walls and we are going to go out again, and
16 because walls are constantly changing, this year
17 they tend to lean and everything like that, we have
18 developed a rating sheet that we are going to
19 send -- every year we are going to inspect each and
20 every wall and we are going to see the dangerousness
21 or the problematic area of the wall and then every
22 year or every few months we are going to submit the
23 list of the most problematic walls to Council, and
24 it is really Council's responsibility to decide
25 which ones of these are going to be repaired because

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2 when you get to a point where most of them are
3 extremely problematic, then it's really a decision
4 that should be made by an elected official, which
5 ones get done first and which ones get done second.

6 It's a very difficult issue to say that
7 since we are -- if we had the amount of money to
8 repair all the walls, we could make that
9 determination ourselves and do it in a logical
10 system, but since we don't, we're looking for some
11 help in determining of the most problematic walls,
12 which ones should be done first.

13 COUNCILMAN RIZZO: Point of information.

14 COUNCIL PRESIDENT VERNA: The Chair
15 recognizes Councilman Rizzo.

16 COUNCILMAN RIZZO: You know, I
17 understand what you are saying, but this honestly
18 isn't a political decision. You are talking about
19 an issue that professional engineers have to make a
20 decision which is a dangerous and hazardous
21 condition first and I think for you to put the
22 burden on Council to decide which one has to be done
23 before another is, first of all, unfair because we
24 don't have those technical -- at least I don't --
25 those technical abilities, so I would hope that if

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2 you have a list that an engineer or some
3 professional has said "This is really bad," that
4 that would get some priority over one that is not so
5 bad.

6 MR. LONEY: Absolutely, absolutely,
7 Councilman. That is what this sheet is for. We
8 are going to rate every single wall, but what we
9 want to do is we know that we don't have the amount
10 of money to do all the walls, so which walls get
11 done first, it is a Councilmatic responsibility to
12 set that budget.

13 COUNCILMAN RIZZO: Let's talk about that
14 for a minute. You have some money now to start the
15 process. How much money do you have and how much do
16 you need to do them? Because when you are talking
17 about a dangerous condition that's life-threatening
18 at the least, what do we need to do to get them all
19 going? In other words, there's enough contractors I
20 assume out there that many of these tasks could be
21 put on track at the same time. It's not like they
22 are tripping over each other. You have 70 different
23 locations. You have X dollars. How many more
24 dollars do you need to get the whole program rolling
25 to get these dangerous conditions taken care of?

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2 MS. SMITH: When we approved the NTI '03
3 budget we allocated a million dollars. At that time
4 we were not yet absolutely sure, using some of the
5 new technologies that the Streets Department has
6 already described, what it would cost. Based on the
7 three which were my understanding some of the
8 largest and most dangerous ones, it looks like that
9 is going to take up about \$400,000, plus or minus
10 \$400,000. The next piece of work that we have done
11 is part of the resurveyings to go out there and
12 rank. Some walls, only a portion of it may be a
13 dangerous condition and only requires a small amount
14 of money, and other walls it may be the entire wall,
15 so what we need to do is to prioritize, and what has
16 to drive this is a public safety issue and it has to
17 be imminently dangerous even for us to use the bond
18 proceeds, and what we like to do is work in
19 consultation with the district Council people as we
20 have always said throughout NTI as with the
21 demolition so that we are not making decisions in
22 isolation. Often there may be information that we
23 are not aware of that can help us with the
24 prioritization, but, as with anything, if a wall
25 goes and it is an emergency, the resources are

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2 there.

3 We hope to be in a better position to
4 put a budget together for '04 based on the surveying
5 work, and that was part of the plan, was to use this
6 year to begin to gather enough information so that
7 we can systematically look at what resources it
8 would cost for the retaining walls.

9 In addition, it is the intention of the
10 administration, we are also beginning to look at
11 what other resources we might be able to bring to
12 the table. We feel that the issue, what we call
13 private infrastructure, because legally this is
14 still the responsibility of the homeowner, that
15 these types of issues are probably shared issues
16 throughout the state and whether or not there may be
17 opportunities for some sort of statewide private
18 infrastructure fund to help support this type of
19 work.

20 So we are intending to look at that as a
21 priority in terms of a statewide agenda.

22 COUNCILMAN RIZZO: I appreciate that,
23 but a quick question. I'm sure you have thought
24 about this. If there was an accident --

25 COUNCILWOMAN MILLER: Excuse me. Are

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 you still on your point of information or are you
3 trying to --

4 COUNCILMAN RIZZO: Let me just stretch
5 it one more second and I will be done.

6 COUNCILWOMAN MILLER: Okay.

7 COUNCILMAN RIZZO: If there were an
8 accident and a person was killed, wouldn't the
9 City -- who is responsible for it? You are telling
10 me that it is a property owner.

11 MS. SMITH: Yes. Retaining walls, curbs
12 and sidewalks and driveways are titled to the
13 individual property owner under Pennsylvania law.
14 They are not considered the responsibility of the
15 City, but what we worked out is if it is an
16 imminently dangerous condition and we need to take
17 some sort of intervening action, we will make that
18 repair, but we can -- we are also looking at a
19 program where the owner -- I think it was under an
20 ordinance passed by Council -- contributes up to I
21 think it is \$50 a square foot -- a linear foot, so
22 that is a shared responsibility.

23 So we are trying to put all of those
24 pieces together so that the homeowner would be
25 contributing, the City would be contributing and we

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 are going to look at other resources to help fund
3 this type of work.

4 COUNCILMAN RIZZO: Thank you.

5 Councilwoman Miller, I apologize for
6 extending that point.

7 COUNCILWOMAN MILLER: Apology accepted,
8 Councilman Rizzo.

9 Two quick questions administratively,
10 things that have happened, you know, recently. Some
11 of the demolition contractors have left and
12 abandoned dumpsters, in my area anyway. Bob knows
13 about this. And I mean the City moves it, but it
14 then becomes a headache for our office because the
15 neighbors constantly call. It becomes a dump site.
16 So I just want to make sure, are you putting
17 mechanisms in place to perhaps not use those
18 contractors anymore, maybe only give them half their
19 money. I just want to make sure it is being
20 addressed. And, also, we haven't had a lot, but it
21 does happen, damage to a home from a demolition,
22 from a demo. Are people having to wait forever to
23 get money back through the risk management claim
24 process?

25 MS. SMITH: I can check with risk

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2 management to find out what is the process and the
3 time line for resolving claims. But anyone who
4 feels that their property has been damaged as a
5 result of demolition activity should contact and
6 work through the office of risk management.

7 COUNCILWOMAN MILLER: We, of course,
8 have instructed them to do that and send them out
9 the forms. Most recently it was one where people
10 were not securing -- the contractor was not securing
11 a tree so consequently the trees -- there were a lot
12 of trees in this yard, so the trees kept falling on
13 the other building. It is not a twin, but it is not
14 a whole bunch of space between buildings, so they
15 have their form. They are going to submit their
16 form, but I know we just hope -- we will probably
17 get more of those kinds of concerns and I just don't
18 want people to have to wait a long time to get money
19 if we need repairs.

20 MS. SMITH: I will check with risk
21 management as to what is the general time to process
22 when a claim -- I'm quite sure it varies, but they
23 should be able to give me an average.

24 COUNCILWOMAN MILLER: And, of course,
25 the abandoned dumpsters, that becomes a real

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2 headache. I had one in my district not too far from
3 my home.

4 MS. SMITH: I'm not familiar with this
5 particular situation. I will take a look at it.

6 COUNCILWOMAN MILLER: L & I is familiar.
7 Streets is familiar and PHA is familiar.

8 MS. SMITH: I will take a look at that.

9 COUNCILWOMAN MILLER: Bob, why are
10 people abandoning dumpsters?

11 MR. SIBIBLEY: What, Councilwoman, is a
12 fly-by-night contractor will get a dumpster to
13 interior demolish a house, a demolition, prior to
14 rehab and then run out of money and the dumpster
15 company will not remove it until they are paid.
16 It's about \$500 roughly on an average per load and
17 like in your case we couldn't even get the company
18 that -- the company that owned the dumpster was owed
19 about \$5000 and wouldn't move it without the \$5000
20 and we convinced them the error of their ways.

21 COUNCILMAN MARIANO: What happened to
22 that? The Acme up on Castor Avenue, there are three
23 dumpsters out back. The dumpster company doesn't
24 return your calls. They are out of business. The
25 dumpster is loaded with trash and it becomes a

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2 dumpster for everyone. It is behind the Acme on
3 Castor Avenue that went out of business. The
4 dumpster company is no longer there. What happens
5 with that? Do you physically remove -- does L & I
6 remove that dumpster?

7 MR. SIBIBLEY: We hire a company that
8 does that and let them pull the load, as they call
9 it, and then we pay for that and we lien the
10 property for that.

11 COUNCILMAN MARIANO: I have three for
12 you when it's over.

13 MR. SIBIBLEY: I figured that.

14 COUNCILMAN MARIANO: Thank you,
15 Councilwoman.

16 COUNCILWOMAN MILLER: Thank you.

17 Thank you, Madam President.

18 COUNCIL PRESIDENT Verna: The Chair
19 recognizes Councilman Nutter.

20 COUNCILMAN NUTTER: Thank you, Madam
21 Chair.

22 Good morning, Miss Smith.

23 MS. SMITH: Good morning.

24 COUNCILMAN NUTTER: I would like to go
25 back over some of the questions in a different way

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2 than some of my colleagues have asked, but I did
3 want to, I guess, ask the first question, which is
4 tell me a little bit about what happened between
5 May, I guess it was, or maybe it was June, when we
6 approved the FY '03 NTI budget. Was that May, June?

7 MS. SMITH: It was approved by Council
8 on June 13, 2003. We sent the budget over, as
9 required by the ordinance, on May 1.

10 COUNCILMAN NUTTER: I take it it may
11 have been our last or next-to-the-last session.

12 What happened between then and now to
13 cause the \$34 million either difference or
14 additional requests? What happened?

15 MS. SMITH: In the budget that was
16 transmitted and approved by Council, we allocated
17 based on -- you know, this was a budgetary
18 process -- about \$14.5 million to support land
19 acquisition activities, envisioning money for
20 landbanking, specific development projects, side
21 yard acquisitions, acquisitions of stabilized
22 buildings.

23 At the same time we began to work with
24 the Council by asking them to begin to submit
25 requests for acquisition funding or for projects or

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 landbanking activities. We also reached out to the
3 various City departments like OHCD, Commerce.

4 COUNCILMAN NUTTER: I don't mean to
5 interrupt. Then when you put the initial budget
6 together for the \$14 million, if you are saying
7 subsequent to its passage you started talking to
8 Council members about their requests or their
9 concerns, how did you get to the \$14 million in the
10 first place?

11 MS. SMITH: Based on our understanding
12 of what was currently in the pipeline, it was a
13 timing issue. As you know, the ordinance wasn't
14 passed until March. We had to quickly turn around
15 and put together our preliminary program statement
16 and budget and final budget, so it was our best
17 estimation of what the demand for acquisition would
18 be, you know, for the upcoming fiscal year, and, to
19 be honest with you, with what we processed thus far,
20 we are pretty much on top of it.

21 COUNCILMAN NUTTER: I always appreciate
22 the honesty.

23 MS. SMITH: We are pretty much on
24 target, but we also see -- and that is what's
25 outlined in the very back -- for example, what we

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2 transmitted, the 2500 properties were transmitted,
3 is about \$12.5 million, but we know based on the
4 requests that came in over the summer and continue
5 to come in that as of November 15 they were
6 appending another 30 million -- yeah, about \$30
7 million in acquisition requests. It was a budget.
8 It was our best estimation at that point in time.

9 COUNCILMAN NUTTER: My recollection --
10 and I don't think it's -- as you can see, I'm
11 traveling a little light today. I only have two
12 small piles of paper. My recollection of the
13 original NTI program, the five-year plan for it, I
14 thought had a number of \$50 million for acquisition.
15 Is that correct?

16 MS. SMITH: Yes. We envision allocating
17 50 million out of the bond proceeds to support
18 acquisition activities.

19 COUNCILMAN NUTTER: So now should I
20 understand that based on the bill in front of us --
21 and I think there is a new budget on one of these
22 many pages -- you are anticipating in now the first
23 year spending upwards of -- is it 43 of the 50?

24 MS. SMITH: That's what we have requests
25 pending totaling that amount. We have not reviewed

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2 all the requests, nor are all the requests in.
3 That's why we very much wanted to remind
4 Councilpeople that if there are additional projects,
5 et cetera, that need to be part of the pipeline,
6 trying to make this a more routine way of getting
7 that information.

8 COUNCILMAN NUTTER: So on Page 7 it is
9 \$46.5 million; is that right?

10 MS. SMITH: Yes.

11 COUNCILMAN NUTTER: Do you have any
12 particular concern --

13 MS. SMITH: Plus we still have some
14 dollars left in the aquisition of stabilization of
15 properties. So it shows up in two places in the
16 budget.

17 COUNCILMAN NUTTER: Where is the second
18 one? Are you talking about under neighborhood
19 preservation? Are you talking about vacant property
20 stabilization?

21 MS. SMITH: Yes, the acquisition of --

22 COUNCILMAN NUTTER: \$3 million?

23 MS. SMITH: Yes.

24 COUNCILMAN NUTTER: The acquisition of
25 stabilized properties, 3.5? So is that the whole

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2 50?

3 MS. SMITH: It should work out to 50.

4 COUNCILMAN NUTTER: I know those two
5 numbers add up to 50. Small numbers I'm pretty good
6 on the math. So that is the 50?

7 MS. SMITH: Yes.

8 COUNCILMAN NUTTER: So all \$50 million
9 -- from the original budget we are anticipating
10 spending \$50 million on acquisition and that 50 is
11 now being captured in the first year's budget?

12 MS. SMITH: That's the change, yes.

13 COUNCILMAN NUTTER: Why are we doing
14 that?

15 MS. SMITH: Appended -- because right
16 now, as of November 15, including the ordinances
17 that were approved and those that are being prepared
18 to be sent over to City Council, we are looking at
19 \$43.9 million in acquisition requests. That is on
20 the last two pages.

21 COUNCILMAN NUTTER: 43,9.

22 MS. SMITH: Uh-huh.

23 COUNCILMAN NUTTER: Okay. Now, all the
24 properties that are listed on here are all the -- in
25 some instances it is not so much properties; it

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2 seems to be more neighborhoods or designated
3 development areas. I mean all dollars are I guess
4 kind of spoken and accounted for. We know what the
5 project is or we know why we are acquiring the
6 properties?

7 MS. SMITH: The last group of properties
8 which ordinances have not been prepared for, the
9 last group actually represents properties that we
10 will start reviewing January.

11 COUNCILMAN NUTTER: When you say "the
12 last group," are we talking about down at the
13 bottom, the group that starts with approximately 61
14 side yards? Is that what you are talking about?

15 MS. SMITH: Yes. Those are requests
16 that we have not completed reviews on.

17 COUNCILMAN NUTTER: Well, if almost all
18 the acquisition money is accounted for or designated
19 to go somewhere by way of this last sheet, then it
20 would appear that there is not much left for
21 anything else; is that correct?

22 MS. SMITH: That's correct. And as we
23 acknowledge this fact, one of the things that we are
24 looking to do is to create this funding mechanism,
25 what we have been calling the recycling, acquisition

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2 recycling, fund, and the intent of that is since we
3 are taking NTI bond proceeds to condemn property,
4 most of which probably either have delinquent taxes
5 and/or demolition, other liens, when we condemn a
6 property, when RDA condemns the property, the City
7 gets to collect its delinquent liens first, and so
8 what we envision with the approval of Council is to
9 appropriate -- budget how much we project to collect
10 in delinquent taxes as well as municipal liens on an
11 annual basis and then appropriate that to fund
12 acquisition outlying years.

13 COUNCILMAN NUTTER: How much do you
14 anticipate collecting next year?

15 MS. SMITH: We have not finalized those
16 budgets because we have not finalized the
17 condemnation costs, but my estimate on \$12 million,
18 that we can probably collect 4 or 5 million.

19 COUNCILMAN NUTTER: Where did the \$12
20 million figure come from?

21 MS. SMITH: What we approved thus far.
22 The 12.4 is what we --

23 COUNCILMAN NUTTER: The next-to-the-last
24 page?

25 MS. SMITH: That is what has been

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 transmitted to Council and approved at a hearing.

3 COUNCILMAN NUTTER: What's the basis for
4 your anticipation of \$4 million in taxes or
5 outstanding municipal liens? What is that based on?

6 MS. SMITH: Just based on past
7 experience. Unfortunately, Mr. Wetzel had to go to
8 Harrisburg, but based on past experience he says
9 that we get somewhere in the area of about
10 three-quarters or two-thirds of the property that
11 has been condemned has been tax delinquent. We can
12 put together a finite budget, but we have to
13 complete the research on all the tax delinquencies
14 on the properties that are listed for this to get an
15 estimation. But the intent here is to reappropriate
16 each year an amount of money that is equivalent to
17 what we collect. Because the intent here is we are
18 basically taking -- but for the fact that we were
19 condemning these properties, the tax delinquency may
20 never have been collected. And I tried to describe
21 that in the footnote to the five-year budget.

22 COUNCILMAN NUTTER: Yeah, I saw that.

23 Well, let me go back then to the
24 question that is I guess a combination of question
25 and statement that Councilman Goode had raised with

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2 regard to a particular project, for instance, that
3 we have, that both of us share an interest in West
4 Philadelphia. If -- what's the number? If
5 basically \$44 million is already spoken for out of
6 the 50 -- right?

7 MS. SMITH: We have requested.

8 COUNCILMAN NUTTER: \$43,959,300.

9 MS. SMITH: We have requests in for
10 that. 19 million of those requests we still haven't
11 completed the review on. So things could drop off.
12 You know, circumstances change. We will begin that
13 process in January.

14 COUNCILMAN NUTTER: But you know
15 generally your experience with us is it is a fairly
16 rare instance that anything ever drops off any of
17 our lists as opposed to we just add on.

18 The \$44 million is spoken for. Then
19 if -- whether it is a faith-based organization or a
20 nonfaith-based organization or any kind of
21 organization that has the appropriate paperwork and
22 designation, has its own CDC or 501-C-3, if in the
23 first year 44 million out of the \$50 million is
24 already spoken for, what is the true likelihood that
25 additional requests are actually going to be

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2 approved? From the next-to-the-last page it would
3 appear that half of the City has no money allocated
4 for it.

5 MS. SMITH: Again, it is our proposal
6 and plan to take the revenues generated as a result
7 of the condemnation activity by the repayment of
8 delinquent taxes and municipal liens and then
9 appropriate -- ask Council for Council's approval
10 because it would require an appropriation by Council
11 as part of the general operating budget or a
12 separate ordinance to appropriate that amount in
13 fiscal year '04.

14 COUNCILMAN NUTTER: Right, but that
15 is -- I mean, the 50 we know is solid because we
16 have that.

17 MS. SMITH: Yes.

18 COUNCILMAN NUTTER: All we are asked for
19 is extra that we are going to hope for based on
20 payment of these delinquent taxes. I guess are we
21 in some way, shape or form -- you are going to take
22 NTI bond proceeds, condemn the property, and if I'm
23 understanding kind of the following the money,
24 basically you are going to, in essence, transfer NTI
25 funds back over to the City to compensate us for our

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 outstanding municipal and real estate tax liens; is
3 that what's going to happen?

4 MS. SMITH: Under the current
5 redevelopment laws of the state, if there are any
6 outstanding real estate taxes and/or municipal
7 liens, they were kind of like a priority interest,
8 so the authority under state law either has to pay
9 into court the appraised value of the property.
10 Let's say, for example, it is \$5000 on that
11 property, and since most of this is abandoned and
12 vacant property, there is usually outstanding tax
13 delinquencies and/or municipal liens and sometimes
14 they exceed even the actual appraised value of the
15 real estate.

16 So the City then -- that's repaid back
17 into the City's --

18 COUNCILMAN NUTTER: General fund.

19 MS. SMITH: -- general fund, but what we
20 are proposing is then allocating that money as part
21 of an acquisition fund to fund going forward.

22 COUNCILMAN NUTTER: Now you are talking
23 about a designated or segregated account for these
24 repayment of NTI bond-proceed-funded acquisitions
25 and you are now -- is there a statute or ordinance

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2 that allows or requires those real estate tax
3 dollars to be separated and segregated from the
4 general fund to now go back into this recycling
5 fund. How are you going to do that?

6 MS. SMITH: The way it would work is
7 that Council as part of -- the administration would
8 propose in our annual budget, let's say, \$10 million
9 because we have looked at what we expect to collect
10 as a part of the operating fund, so it is really two
11 separate, I guess, roads that are being traveled,
12 but we are trying to keep them cognizant of one
13 another so it won't go into like a specialized fund.

14 COUNCILMAN NUTTER: I understand that.
15 That would be my concern.

16 MS. SMITH: It would have to be
17 appropriated and approved each year by Council.

18 COUNCILMAN NUTTER: But you said at the
19 moment you don't know with any specificity what
20 you're anticipating collecting in the next fiscal
21 year?

22 MS. SMITH: I can have the Redevelopment
23 Authority come up with a preliminary number.

24 COUNCILMAN NUTTER: If you could give us
25 the five-year schedule, I would be very interested

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2 to see what that looks like.

3 I'm assuming for the properties in the
4 first -- whether it is the \$12 million group or the
5 \$11 million group or the \$19 million group, I'm
6 assuming we can know now --

7 MS. SMITH: The tax delinquency.

8 COUNCILMAN NUTTER: -- what the
9 outstanding tax dollars are and match them up --

10 MS. SMITH: And other liens.

11 COUNCILMAN NUTTER: -- based on these
12 categories, right?

13 MS. SMITH: I will do that.

14 COUNCILMAN NUTTER: So now when the
15 group from West Philadelphia identifies their
16 properties and fills out the new easy-to-fill-out
17 form, give me a sense of the timing of when
18 something will actually happen.

19 MS. SMITH: As we described in our
20 program statement as well as in hearings before
21 Council, we are trying to set up a mechanism where
22 we look at acquisition requests twice a year, so
23 that we are kind of in sync with other funding
24 resources, so the next group is going forward. I
25 would imagine it would take us between January and

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 March, looking to introduce ordinances or transmit
3 ordinances to Council around March; hearings held
4 sometime between March and the end of the fiscal
5 year. If Council approves --

6 COUNCILMAN NUTTER: We are talking about
7 a process somewhat similar to the 2500?

8 MS. SMITH: Yes, the same way, and what
9 we have talked about is what we are calling the fall
10 cycle and a spring cycle, taking into account
11 Council's legislative agenda. One of the things
12 that we are learning or had learned is that a lot of
13 times people come forth with an acquisition request
14 late in the spring and we are not in the position to
15 process it because of the recesses and often they
16 felt they were disadvantaged for applying, for
17 example, for tax credits. But having this kind of
18 predictable schedule when we are looking at things,
19 our objective is to have ordinances passed twice a
20 year, one in the wintertime and one in the
21 summertime, and then it's about another 60 days to
22 file the declaration of taking.

23 COUNCILMAN NUTTER: The last package, or
24 I guess the first package, but this most recent
25 round, when did you put together that list?

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2 MS. SMITH: We began reaching out and
3 requesting information in the summer, around June of
4 this year. We reviewed it -- if I remember
5 correctly, I think we had about eight meetings, some
6 of them three hours long, in August and September.
7 Then it went to the Redevelopment Authority board in
8 October, and then it has to go through Planning
9 Commission approval, and we transmitted ordinances
10 in November, so it's basically a three-month
11 process.

12 COUNCILMAN NUTTER: The reason I was
13 trying to get a sense of the timetable is I have had
14 a number of meetings with a variety of individuals
15 including yourself. I had actually sent a request
16 over during the course of the summer, but it did not
17 make the fall package. I have had some followup
18 discussions about it, and while there may be a need
19 for I think it is urban renewal designation, that I
20 learned most recently, so can you tell me why if a
21 package -- and I think with a form -- was sent over
22 during the course of the summer, why it would not
23 have been a part of this past winter's round?

24 MS. SMITH: I'm not specifically
25 familiar with all the details, but I think maybe one

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2 of the issues is maybe the properties were outside
3 of an existing urban renewal area. That's my
4 assumption. Okay. It was outside an existing urban
5 renewal area. One of the things that --

6 COUNCILMAN NUTTER: Does that stop them
7 from getting on the list?

8 MS. SMITH: Well, one of the things that
9 we would suggest as a first step is the creation --
10 particularly if you are going to be taking large
11 numbers of properties within the area, the creation
12 of an urban renewal area and redevelopment plan and
13 proposal gives us the power to do eminent domain.
14 Otherwise, we are doing individual Act 94
15 condemnations and that's much more from a management
16 standpoint difficult to manage, so it is my
17 understanding the RDA will probably be working with
18 your office around the creation of an urban renewal
19 area. I'm beginning to remember some of that
20 conversation.

21 And then once that is in place -- and
22 that also I believe requires Council approval. The
23 creation of an urban renewal area requires Council
24 approval too, and then we have the broadest possible
25 condemnation powers to deploy in support of the

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2 project.

3 COUNCILMAN NUTTER: I understand that
4 and I appreciate the additional explanation. My
5 question I guess was more at the heart of when
6 things come in, when do they get in the process, and
7 if there are other processes that we have to pursue,
8 does that stop our ability to get a certain number
9 of parcels in a round of acquisition, and I guess it
10 is not clear to me, short of having an urban renewal
11 area created, why those properties could not have
12 been a part of this first round of 2500 while we are
13 simultaneously working on an urban renewal, since
14 you were looking at properties during the course of
15 the summer?

16 MS. SMITH: Mr. Kunz will answer that
17 question.

18 MR. KUNZ: Councilman, all of the
19 requests that you submitted last summer except for
20 the Phoenix project, none of them were actually
21 inside an urban renewal area, so they fell outside.
22 Once we committed to doing the acquisitions that we
23 briefed you on, we then -- actually they became --
24 they didn't go into the list of 2500 properties.
25 There is a separate list for Act 94 properties, but

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2 those properties are being taken -- they are in the
3 process of being taken through a separate process.
4 The 2500 referred to is strictly urban renewal,
5 which requires Council approval.

6 COUNCIL PRESIDENT VERNA: The Chair
7 recognizes Councilman Goode.

8 COUNCILMAN GOODE: According to the old
9 program statement, at what point do you notify the
10 Councilman that has made a request that their
11 request is not moving forward?

12 MR. KUNZ: We have briefings after the
13 individual -- after the IR committee has reached
14 decisions, then we brief each district
15 Councilperson.

16 COUNCILMAN GOODE: I didn't use the term
17 "district councilperson." According to the program
18 statement as it is, before we make these amendments
19 to it, if we choose to make these amendments,
20 according to that process, at what point do you tell
21 the Council member that has made a specific project
22 request that their project request is not moving
23 forward? And I will refer you to Page 21 of the
24 program statement, the part that is being stricken.

25 MS. SMITH: What we did was we meet with

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2 each Councilperson with a request and in, I believe
3 it was, late September, early October we sat down
4 with each district Councilperson that had a request.

5 COUNCILMAN GOODE: I will refer you to
6 Page 21.

7 MS. SMITH: I'm reading it. We say,
8 "Each Councilperson that requests acquisition funds
9 to support a specific development project."

10 COUNCILMAN GOODE: Then it says "On a
11 quarterly basis the administration will meet with
12 the Councilperson requesting the funds, discuss any
13 problems that are delaying acquisitions."

14 MS. SMITH: That's correct.

15 COUNCILMAN GOODE: My first question is,
16 was that done with regard to properties in the
17 Phoenix project? And the second question is why is
18 this part being stricken and what is it being
19 replaced by?

20 MR. KUNZ: We actually had discussions
21 last fall about the Phoenix project. I had
22 discussions with Councilman Nutter last fall
23 concerning the Phoenix project. We received that
24 request actually late last spring from the Office of
25 Housing and Community Development that we go out and

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2 do research on this project. Our concerns in the
3 fall dealt with the development of the properties,
4 who would actually do -- who would be responsible
5 for developing the projects.

6 COUNCILMAN GOODE: My question is really
7 centered around whether the Council member who made
8 the request was notified within a quarterly basis.

9 MS. SMITH: We are just completing the
10 first quarter, which was in October, so we did meet
11 that --

12 COUNCILMAN GOODE: October was a couple
13 months ago.

14 MS. SMITH: Right, and we just haven't
15 had -- I mean part of this has been going through.
16 This is the second quarter, and my understanding
17 through the Redevelopment Authority, there is
18 ongoing conversations.

19 COUNCILMAN GOODE: Under the program
20 statement as approved it says "On a quarterly basis
21 the administration will meet with the Councilperson
22 requesting the funds, discuss any problems that are
23 delaying acquisitions." Did that happen within a
24 quarter?

25 MS. SMITH: Within the second quarter

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2 I'm not aware of that. In the first quarter we did
3 because, as I said, it is part of the review
4 process. In the second quarter, which ends the end
5 of this month, we haven't had the opportunity.

6 COUNCILMAN GOODE: The second question
7 is why is this part being stricken and what is it
8 being replaced with?

9 MS. SMITH: I refer you to Page 27.

10 COUNCILMAN GOODE: I read Page 27.

11 MS. SMITH: And it says, "On a quarterly
12 basis the administration will meet with the
13 Councilperson requesting the fund to discuss any
14 problems that are delaying." I just carried that
15 section over.

16 COUNCILMAN GOODE: Where is that on Page
17 27?

18 MS. SMITH: On Page 27 right above the
19 interagency acquisition review team. Because that's
20 new language. I just carried the language over,
21 trying to make it all one --

22 COUNCILMAN GOODE: It doesn't carry over
23 the same way.

24 MS. SMITH: It says, "On a quarterly
25 basis the administration will meet with the

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2 councilperson requesting funds to discuss any
3 problems."

4 COUNCILMAN GOODE: Now it is situated --
5 it comes after the point at which acquisitions are
6 funded. So it doesn't read the same way and it
7 doesn't mean the same thing.

8 MS. SMITH: I'm happy to make that
9 adjustment. It wasn't something intentionally done.
10 I was just trying to rewrite the document.

11 COUNCILMAN GOODE: I guess part of my
12 question -- I'm sorry to take so much time from
13 Councilman Nutter --

14 COUNCILMAN NUTTER: No, I love a good
15 point of information, Councilman.

16 COUNCILMAN GOODE: On Page 20 it says
17 "On an annual basis the administration will request
18 from City Council members, meaning all members
19 district and at-large, a list of properties from
20 which acquisition funds are requested to assist
21 specific development projects within their
22 respective districts." I'm assuming that means the
23 at-large district as well.

24 On Page 21 it say, "The administration
25 will meet with each Councilperson that requests

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2 acquisition funds and supports specific development
3 projects in order to discuss the projects
4 development strategy. On a quarterly basis the
5 administration will meet with the Councilperson
6 requesting the funds, discuss any problems in
7 delaying acquisitions."

8 The language is very different in the
9 new version of the program statement and I think you
10 know what my specific problem is.

11 MS. SMITH: I'm willing to make the
12 adjustment.

13 COUNCILMAN GOODE: Whether you have
14 inadvertently or on purpose eliminated the role of
15 at-large Councilpeople.

16 MS. SMITH: It was not on purpose.

17 COUNCILMAN GOODE: As long as we correct
18 it, I don't have a problem with it, and as long as
19 projects that district Council members may have
20 interest in and at-large members may have interest
21 in as well, we are notified within a few months, as
22 the original statement said, I don't have any
23 problem with that either.

24 MS. SMITH: Okay. My apologies.

25 COUNCILMAN GOODE: Thank you.

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2 COUNCIL PRESIDENT Verna: Councilman

3 Nutter, are you about finished?

4 COUNCILMAN NUTTER: No, Madam President,
5 unfortunately. Members, I have a fair number of
6 questions. I would like to at least get through the
7 first one and then I can come back. I know other
8 members may have a few questions, but Miss Smith or
9 Mr. Kunz, I guess what I am still trying to
10 understand is given the requests made during the
11 summer -- and I have no complaint about the number
12 of meetings that we have had -- if it was clear
13 during the summer that an urban renewal area needed
14 to be created, which I am fairly certain I did not
15 know in the summer, I believe we could have upon our
16 return in September sought to create such an area,
17 have that moving through the process, and at
18 least -- and I don't know what your definition of
19 large is. I know that there are -- I have seen in
20 the bill that we did for the 2500 properties there
21 were some very large acquisition components put
22 together. This particular one involves Allegheny
23 West. It's 20 properties, which I think is probably
24 on the low side in terms of anyone's comparison of
25 large number of acquisitions versus a small number.

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2 I want to better understand how we can
3 do things in as timely a fashion, if not
4 simultaneous fashion, as possible so that we, or at
5 least I, don't end up in a situation where the train
6 is moving out of the station and I don't
7 particularly want to be standing on the platform, at
8 least by myself. If people have things that they
9 are trying to get done, if there are other processes
10 or steps that we need to take, I would at least like
11 to know about them in a timely fashion, and if we
12 can legislatively address them, I would like to be
13 able to do that, but in looking at at least the last
14 two pages, which tell a fair amount of the story, if
15 \$44 million is already out the door or on its way
16 out the door out of 50, I don't necessarily know
17 that that leaves a lot of prospect for many of us
18 that have nothing at the moment.

19 MR. KUNZ: Councilman Nutter, with
20 respect to the forgotten blocks project in Allegheny
21 West, we had originally scheduled those properties
22 to go through what we would call the administrative
23 process, which would be Act 94.

24 COUNCILMAN NUTTER: Is this the other
25 process that you were mentioning in our earlier

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2 round before the point of information? Is that what
3 you are talking about?

4 MR. KUNZ: Yes.

5 COUNCILMAN NUTTER: Are there dollars
6 allocated for that?

7 MR. KUNZ: Yes, the project is budgeted.
8 That's not the issue. We have the funds for that.
9 What we are trying to do now, the reason we are
10 creating the urban renewal area, is that we believe
11 that we can take these properties within six to nine
12 months. Our hope is to have the properties acquired
13 and conveyed prior to the summer recess. With Act
14 94 we don't believe that we can do that. It is a
15 much larger process right now.

16 If we had started the urban renewal
17 process in the fall, we probably wouldn't be much
18 further than we are now simply because the City
19 Planning Commission would have to recertify -- would
20 have had to certify the areas blighted and go
21 through a very long process to get to where we
22 introduced the final ordinance in the Council. And
23 given the number of properties, we really didn't
24 have the manpower to do lots of these things, not
25 simultaneously, and neither did the Planning

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2 Commission.

3 The projects of which urban renewal
4 areas had to be recreated or had to be created are
5 just coming out of City Planning now for blight
6 certification, Frankford Creek being one of them.

7 COUNCILMAN NUTTER: Where does that
8 leave us?

9 MR. KUNZ: That leaves us with
10 anticipating acquiring the property. We have the
11 budget. We have the funding. It leaves us with the
12 properties being acquired and conveyed by the
13 summer.

14 COUNCILMAN NUTTER: And with regard to
15 the earlier project that was discussed, which is the
16 project in West Philadelphia primarily centered, or
17 at least one of the main participants is the Mt.
18 Carmel Baptist Church, that does have its own CDC,
19 is that in an urban renewal area? Do we need to
20 create a new one? Where does that go in terms of
21 the number of properties that are involved and the
22 timetable that actually makes some sense and are
23 there dollars allocated for that, or do they have to
24 come out of the 50, of which 44 are already spoken
25 for?

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2 MS. MCCULLICK: Good morning. My name
3 is Debra McCullick. I'm the director of housing.

4 COUNCILMAN NUTTER: Good morning.

5 MS. MCCULLICK: I just wanted to answer
6 the question specifically about the Phoenix project.
7 The Mayor and some other folks met with
8 representatives from the Phoenix project earlier
9 this fall and we gave them five potential sites of
10 publicly owned land to look at in West Philadelphia
11 which would not -- which are currently in public
12 ownership, would not need condemnation or need to go
13 through this process at all, and I'm actually
14 awaiting a response from them about which of those
15 sites they think would be the best ones to move
16 forward with and then we can begin the process to
17 convey those.

18 COUNCILMAN NUTTER: Did you say five?

19 MS. MCCULLICK: There were four or five
20 sites that were given to them. I think it was
21 five, but it might have been four.

22 COUNCILMAN NUTTER: As in four or five
23 properties?

24 MS. MCCULLICK: No; larger parcels,
25 development parcels.

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2 COUNCILMAN NUTTER: For new
3 construction?

4 MS. MCCULLICK: Yes, to build 10 or 12
5 units, in that range, and they are reviewing those
6 and I'm waiting for a response on that now.

7 COUNCILMAN NUTTER: Madam Chair, I will
8 relinquish, but I would like to have the opportunity
9 to come back.

10 COUNCIL PRESIDENT Verna: The Chair
11 recognizes Councilman Mariano.

12 COUNCILMAN MARIANO: On Page 31, and
13 this might go on to what Councilman Nutter was
14 talking about, the Fourth District and the Ninth
15 District under the stabilization of the general
16 fund, besides my deep affection for those two
17 Councilpeople, why is theirs so whacked out? Why is
18 one 500,000 and another 600 and everyone else is
19 250,000? Is that because of these projects that
20 were already budgeted or projects that aren't
21 budgeted?

22 MS. SMITH: This budget that is the
23 original budget that was in the program statement
24 approved is not changing and basically the way we
25 allocated resources for stabilization, which is a

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2 higher level of treatment to a building with the
3 intent to acquire for rehabilitation, we tried to
4 look at it in comparison with the number of
5 dangerous buildings within that district and then
6 also in reverse of the demolition activities, so
7 that's how we derived that budget back in May.

8 COUNCILMAN MARIANO: Miss Smith, if you
9 add up the dangerous buildings, the total number of
10 dangerous buildings, the one with the most is the
11 Fifth Council District and then it is the First
12 Council District, I think, or the Third, the Third
13 and the First.

14 MS. SMITH: Essentially what we do is
15 the reverse of that, and that was in part -- the
16 intent of the stabilization program was to look at
17 neighborhoods throughout the City where there was
18 lower vacancy where it didn't make sense nor would
19 we want to try to demolish a vacant building but we
20 wanted to stabilize it, acquire it, and get it
21 through a rehab program like our home ownership
22 rehab program, so it was kind of like the reverse
23 when we did the budgeting for that.

24 COUNCILMAN MARIANO: Thank you.

25 MS. SMITH: President Verna, may I ask

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2 for a five-minute break?

3 COUNCIL PRESIDENT VERNA: Sure. We will
4 stand in recess for five minutes.

5 (Short recess.)

6 COUNCIL PRESIDENT VERNA: Councilman
7 Mariano, are you finished with your questioning?

8 COUNCILMAN MARIANO: Yes, Madam
9 President.

10 COUNCIL PRESIDENT VERNA: Miss Smith, in
11 looking at the original ordinance, Council was
12 supposed to be getting reports on activities. We
13 have never gotten a report to the best of my
14 knowledge.

15 MS. SMITH: We are in the last stages of
16 finalizing what is going to turn into the first and
17 second quarterly report. I apologize. The staff
18 person that was part of my unit who would have been
19 responsible for that left and it took a while to
20 replace them, so we are working on that. I hope to
21 have it to you by the end of this month.

22 COUNCIL PRESIDENT VERNA: Please. Let's
23 not forget about the monthly reports.

24 MS. SMITH: I won't. We are actually
25 working on them and I apologize for that.

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2 COUNCIL PRESIDENT Verna: Let me ask one
3 question, if I may. Will this amendment to the NTI
4 budget require the RDA to issue any additional bonds
5 this year and, if so, when and for how much?

6 Ms. Smith: Yes, we would be issuing
7 additional bonds to help finance the acquisition
8 activities. We have just begun to even think about
9 a timetable and what that would mean in terms of how
10 much depending on some of the outcomes of our
11 acquisition. We want to put together a draw
12 schedule and a time schedule that, you know, made
13 sense. I would suspect we could be -- when Council
14 reconvenes in January, that we will be in a better
15 position. We will work with Mr. McPherson and your
16 office and make sure that he is part of any
17 financing meetings that we are having, but we are
18 just in the very preliminary stages of thinking
19 through what that would look like.

20 COUNCIL PRESIDENT Verna: Thank you.

21 The Chair again recognizes Councilman
22 Nutter.

23 COUNCILMAN Nutter: Miss Smith, earlier
24 there was some discussion about minority and female
25 either employment or business opportunities, and I

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2 think you had in response to a question that
3 Councilman Goode had asked indicated that NTI had
4 met its goals or projections. Is that your
5 response?

6 MS. SMITH: I was speaking specifically
7 to the first report that we have gotten that was in
8 relationship to the demolition of approximately 30
9 properties in Strawberry Mansion. So, yes, and we
10 did meet that.

11 COUNCILMAN NUTTER: At the moment that's
12 the measurement, 30 properties in Strawberry
13 Mansion?

14 MS. SMITH: The economic opportunity
15 plan set goals of I believe it was 45 percent for
16 contracting opportunities and I believe it was
17 around 70, 80 percent for employment participation,
18 so I'm just saying with respect to that specific
19 activity for demolition.

20 COUNCILMAN NUTTER: Say that again. 45
21 percent for what?

22 MS. SMITH: Let me look at the book.
23 It's 47. I'm sorry.

24 COUNCILMAN NUTTER: 45, 47, whatever,
25 but I don't know what that is of. What's the

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2 category?

3 MS. SMITH: For minority and female,
4 disadvantaged and disabled business opportunities.

5 COUNCILMAN NUTTER: And you said
6 something about 70 percent for employment?

7 MS. SMITH: Employment work force
8 including neighborhood residents.

9 COUNCILMAN NUTTER: You have a budget
10 presently for \$68 million for NTI for this year; is
11 that right?

12 MS. SMITH: Uh-huh.

13 COUNCILMAN NUTTER: How much of the \$68
14 million has been spent?

15 MS. SMITH: Actually spent, I have a
16 report, and it is just not -- thank you.

17 COUNCILMAN NUTTER: It is really good to
18 have people like that sitting next to you, isn't it?

19 MS. SMITH: I have a new staff person.
20 There's a lot of detail to keep. It is about \$8
21 million that has actually been drawn down from the
22 trustee. That is some of the information that we
23 are including in the quarterly reports that I owe.

24 COUNCILMAN NUTTER: What did you spend
25 the \$8 million on?

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2 MS. SMITH: So far it has been primarily
3 spent on things like the titles, market studies and
4 title reports connected with the acquisition.
5 Emergency demolition activity is funded out of that
6 line item. It also includes the wrap-up insurance
7 costs and program management costs.

8 COUNCILMAN NUTTER: Tell me about that
9 wrap-up insurance. What's the story? We're paying
10 for the insurance for the demolitions?

11 MS. SMITH: Right. If you recall, when
12 we approved the original program budget, in it we
13 talked about what we call owner control insurance
14 program, and the way I explain this in the most
15 simplest way is that basically the City is a
16 third-party insurance. We go out -- because we can
17 buy it at bulk and therefore reduce the costs, we
18 buy the insurance for the demolition contractors as
19 opposed to in the past where they went out and then
20 they had to provide proof of insurance.

21 There were two motivating reasons for
22 that. One is that one of the barriers to smaller
23 business and minority contractors participating had
24 been the cost of insurance per project and then even
25 after 9/11 some of it just wasn't even available.

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2 The insurance market did change significantly. And
3 then, secondly, it was related to being both
4 costs -- we felt that we would get a better cost
5 overall by buying like a group insurance as opposed
6 to individually.

7 COUNCILMAN NUTTER: This wrap-around
8 insurance program, I mean I'm going to assume -- you
9 will correct me if I'm wrong -- all the properties
10 in the City that are being demolished on pretty much
11 a daily or every-other-day basis, they are not all
12 driven by NTI activity or funded by NTI bond
13 proceeds, are they?

14 MS. SMITH: At this point we are.

15 COUNCILMAN NUTTER: So all demolitions
16 in the City are being funded by NTI bond proceeds?

17 MS. SMITH: Yes. In the initial general
18 operating budget I believe there was about \$2
19 million in general operating funds for emergency
20 demolitions and then we also programmed 2 million
21 out of the NTI bond proceeds, basically replacing
22 the demolition budget, and I believe in the first
23 quarter we expended the general operating dollars,
24 so now we are using the NTI dollars.

25 COUNCILMAN NUTTER: So we are taking

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2 care of the insurance issue for the companies. They
3 don't have to worry about insurance because there is
4 a wrap-around insurance product available.

5 MS. SMITH: Yes. Mr. Rothstein can
6 explain it.

7 COUNCILMAN NUTTER: He has been wanting
8 to jump up to the table for a while.

9 MR. ROTHSTEIN: Lance Rothstein, capital
10 program office.

11 The wrap-up insurance program does not
12 cover the standard curbside program. The
13 contractors under curbside still have to provide the
14 regular insurance that has historically been
15 required by the City.

16 COUNCILMAN NUTTER: When you refer to
17 curbside, you are talking about emergency
18 demolitions?

19 MR. ROTHSTEIN: Emergency demolitions,
20 the day-to-day demos that you are talking about,
21 yes.

22 COUNCILMAN NUTTER: Let me ask this
23 question: If we are covering the cost of insurance,
24 and I'm not sure what other costs we may be
25 covering, why does it appear that the cost of

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2 demolitions is increasing?

3 MR. ROTHSTEIN: First of all, inflation.
4 It's a nice easy answer, but if you look at the
5 requirements in our specification package, an
6 example that I can cite is that on the party wall
7 repairs, for example, at the top of the party walls
8 we now have a very nice detail that was implemented
9 at L & I about a year ago and we are using that now
10 as part of our standard spec. That costs some extra
11 money to be able to seal the top part of that wall
12 properly.

13 Other examples are --

14 COUNCILMAN NUTTER: We weren't sealing
15 them in the past?

16 MR. ROTHSTEIN: We were using just
17 regular sheet metal wrapping over the top, sealing
18 it with a little bit of muck and a couple nails, and
19 now what we are doing is a standard roofing detail
20 which includes barge, boards, wrapped aluminum, a
21 couple of bolts. We are doing it right so that
22 these properties can withstand the test of time
23 after we are gone.

24 COUNCILMAN NUTTER: What is the average
25 demolition cost these days?

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2 MR. ROTHSTEIN: The average demolition
3 cost at Strawberry Mansion -- in fact, our
4 experience just the past few weeks is showing that
5 we are hovering just over the 11,500 mark in
6 Strawberry Mansion. One of the bids that we
7 recently opened, those prices were coming in more,
8 as Miss Smith indicated earlier, about 14,000 plus,
9 so we are seeing that range in the bids that we have
10 received recently.

11 COUNCILMAN NUTTER: You are not
12 attributing all of that to inflation, are you?

13 MR. ROTHSTEIN: No, absolutely not. We
14 have a spec package, like I said, that includes
15 certain pieces that were hitherto not necessarily
16 requirements. Another one that I haven't mentioned,
17 six inches of fertile topsoil with grass seeding.
18 That was not something that we were requiring of our
19 demolition contractors in the past and now it is.

20 We also have wrapped in -- the
21 all-inclusive nature of it now is that all of those
22 costs include asbestos, party wall, post site
23 treatment, any fencing in the rears. There is some
24 fencing; it's a very limited amount, but it is to
25 seal off the rears of the properties that we end up

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2 leaving exposed.

3 So these are all kind of little things
4 that we have been adding to the package that make
5 the finished product much more acceptable in the
6 neighborhoods.

7 COUNCILMAN NUTTER: I must commend you.
8 There are not many hearings where we hear the word
9 hitherto utilized in the course of public testimony,
10 and I want to recognize you for that.

11 The package in Strawberry Mansion, was
12 that a bit of a gap tooth demolition, or was that a
13 string?

14 MR. ROTHSTEIN: One thing that we had
15 hoped when we first started looking citywide at all
16 the demolitions was that we would be able to
17 identify more strings. What we have discovered is
18 that L & I in fact has done a good job over the past
19 several years of taking care of many of the larger
20 strings that were available for demolition and the
21 vacancy pattern that we have seen as we have gone
22 into several of these neighborhoods is much more
23 diffuse and you end up having a couple of vacant
24 buildings and then an occupied building and then a
25 couple of vacant buildings and an occupied building

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2 and clearly in that instance we can't afford to do
3 all the relocation that would be required in order
4 to make it a string.

5 So part of what's driving our costs
6 right now is the revelation that a larger percentage
7 are going to be hand demolitions than had been
8 previously thought at the beginning of the program.

9 COUNCILMAN NUTTER: Am I reading this
10 correctly then on Page 3 of the new statement you're
11 anticipating spending \$34 million to demolish
12 approximately 2000 dangerous and unsafe residential
13 properties throughout the City? And even without my
14 calculator, I think that comes out to \$17,000 a
15 property? Is that the new number?

16 MS. SMITH: Yes, but it also includes
17 the other soft costs, contingency fund, things of
18 that nature.

19 COUNCILMAN NUTTER: I understand that,
20 but they go with the cost of the demolition, right?

21 MR. ROTHSTEIN: They do go into the cost
22 of demolition, but we are maintaining those as
23 separate line items.

24 COUNCILMAN NUTTER: Maintaining those
25 what?

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2 MR. ROTHSTEIN: The soft costs such as
3 the wrap-up insurance is still being shown as a
4 separate line item instead of wrapping it into the
5 overall cost of demolition.

6 COUNCILMAN NUTTER: I understand that,
7 but you wouldn't have the line item unless you were
8 doing the demolition; is that correct?

9 MR. ROTHSTEIN: That's correct.

10 MS. SMITH: That's correct.

11 COUNCILMAN NUTTER: It goes with the
12 demolition.

13 MS. SMITH: So with the soft costs we
14 are up around 17.

15 COUNCILMAN NUTTER: The original budget
16 I think, I seem to recall, had it at 11.

17 MS. SMITH: That was just on the hard
18 side. I think we added the soft costs in. I think
19 we are at about the same per unit. We are not that
20 different off the original budget.

21 COUNCILMAN NUTTER: Is there nothing
22 that can be done to drive that cost down? There is
23 a fair amount of supply out there. Did I read a
24 story in the paper where we have people reluctant to
25 bid on our demolition packages? Is that for the

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2 purpose of driving the costs up further?

3 MR. ROTHSTEIN: I think it is fair to
4 say we are early enough in the program so that there
5 are a fair number of potential bidders out there who
6 are waiting on the side lines to see how it plays
7 out on the first couple of packages. They want to
8 know are we really going to stick by what we say we
9 are going to do and are we really going to have an
10 inspector out there full time? Are we really going
11 to make them cross their Is and dot their Ts on all
12 their paperwork, and the answer is yes, by the way,
13 and that's what they are trying to see. And once
14 they learn the ins and outs of how the contract is
15 being handled, we hope to see more bidders.

16 One positive note is that as a result of
17 that article last week we were contacted by three
18 additional interested contractors, one of whom in
19 fact was outside the City of Philadelphia and that
20 contractor had indicated to me that he thought the
21 package was a fair package. He had looked at it and
22 he was interested in coming into the City and
23 building on the work as well, that he thought we had
24 a concise specification package and he looked
25 forward to bidding against some of the other

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2 bidders.

3 COUNCILMAN NUTTER: Well, as this
4 governmental game of NTI chicken proceeds, if the
5 contractors, for whatever reason, don't show up or
6 continue to hang out on the side lines waiting to
7 see if you are going to implement what the bid
8 package says, how do you get any demolition activity
9 going on if you don't have any demolition companies?

10 MS. SMITH: We believe and we are
11 confident as we move further along the process that
12 we will get more responses. The administration
13 feels that -- and this is in part responses from
14 letters and complaints that we received over the
15 year that we really did need to rethink how we
16 package and bid out our project. Instead of having
17 a lot of separate projects bid packages going out
18 where it would have been more difficult to
19 coordinate the timing of it, everything is in one
20 package to make things more accountable.

21 Our payment in the demolition
22 specification packages came at the end of the
23 process so that a person -- so now we will have a
24 unit per house cost. The contractor is paid when
25 the project is completed. What we have heard and we

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2 are in a continuing conversation with the
3 contracting community, can we break it into a dual
4 payment instead of having everything at the end for
5 each house so that they can build a little bit
6 earlier in the process.

7 So we are making those type of
8 adjustments, but we always felt from the beginning
9 that this was an opportunity to put in place a
10 demolition program and methodology to address many
11 of the concerns that we often heard from
12 communities.

13 COUNCILMAN NUTTER: How many demolition
14 companies do we have that are based in Philadelphia?

15 MR. ROTHSTEIN: We did a regionwide
16 search about a year ago, came up with about 600
17 contractors in the entire region, that's a
18 multistate region, and something like 150 to 200
19 within a 20-mile radius of downtown, and of those,
20 probably at least half actually City of Philadelphia
21 contractors.

22 COUNCILMAN NUTTER: So what is that, 50?

23 MR. ROTHSTEIN: That would be about 75.

24 COUNCILMAN NUTTER: 150 in a 25 square
25 mile radius. Okay, 75. And how many of the 75 have

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2 bid on any of these packages?

3 MR. ROTHSTEIN: To date we have, I
4 believe it is, 12, maybe 13 as of late last week
5 contractors who are qualified to bid on this work.
6 Of those 13 it is a little less than half who are
7 from the City of Philadelphia who are potential
8 bidders. Of the couple of bids that we have
9 received, we have typically seen four to six
10 bidders, and of those four to six bidders about
11 half, maybe even more, have been Philadelphia
12 bidders.

13 COUNCILMAN NUTTER: There are a lot of
14 halves going on here. Is the final number like 3?

15 MR. ROTHSTEIN: No; actually the one
16 that is coming to mind, which is the Mantua project,
17 I'm pretty sure that four out of the six bidders --
18 I don't have the information in front of me. I can
19 get it for you if you like, but four out of the six
20 were local bidders and two were out of the state.

21 COUNCILMAN NUTTER: Have any sense of
22 why so few Philadelphia-based companies are bidding
23 on this work?

24 MR. ROTHSTEIN: Again, I think it comes
25 back to the fact that we have repackaged our

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2 specifications. It is something that looks new to
3 them even though by and large what's contained in it
4 has been around for a while and they are honestly,
5 from what I have heard, waiting to see how the first
6 few come out.

7 COUNCILMAN NUTTER: I hear you. Can you
8 forward to the Chair, the committee, a very
9 easy-to-read, maybe in bullet point fashion, layout
10 of what the general specifications are for
11 demolition and what you should see if you were to go
12 out to the site or what the remaining constituent
13 who is living next to the now demolished building,
14 vacant lot, what they should expect in terms of what
15 the site should look like and how their house should
16 be treated when that demolition is completed?

17 MR. ROTHSTEIN: Yes. So if I understand
18 you correctly, what you want is kind of a bulletized
19 version of what they should expect to see when it is
20 done, not necessarily how it is done, not the
21 process of demolition, but am I supposed to see a
22 clean edge on the front of my building, am I
23 supposed to have cracks in my sidewalk, that kind of
24 thing?

25 COUNCILMAN NUTTER: What should their

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2 house look like and what should the vacant lot look
3 like when it is all done. That's what I would like
4 to know.

5 MR. ROTHSTEIN: Absolutely. And we can
6 even provide pictures as documentation for you.

7 COUNCILMAN NUTTER: That would be good.

8 Let's talk about market rate housing.

9 Where does that come in in the whole scheme of
10 things? When does that part start?

11 MS. SMITH: In the overall NTI five-year
12 plan we talked about facilitating -- let me explain.
13 When we use the phrase "market rate housing," we are
14 referring to housing that are not receiving direct
15 public subsidies in connection with the construction
16 of that project. So it includes sort of like the
17 sale that takes place in the general marketplace.
18 It will include a number of new construction
19 projects that are coming -- that will be coming on
20 line like the Kaypart project and others that people
21 are beginning to look at. And then, as we indicated
22 in the overall five-year plan about NTI, it is an
23 important part of our housing strategy.

24 So how does that tie into some of the
25 things that we are doing? One thing we think that

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2 could be a very important stimulus to the regular
3 real estate market functioning and functioning well
4 are employer-assisted housing programs. Just based
5 on the experience of the employer-assisted housing
6 program that the University of Pennsylvania
7 developed and funded with the support of, I think it
8 was, Fannie Mae, that became a very good catalyst I
9 think in the real estate market in and around the
10 institution, so we would like to design and put into
11 place a program that will reach out to other large
12 and smaller employers to do something similar and
13 then to find the role that the City plays. So we
14 issued an RFP around that.

15 Secondly, in terms of, let's say,
16 larger-scale, new-construction development we meet
17 regularly or fairly regularly with developers who
18 are interested in opportunities in the City. A
19 major piece is land, a sufficient amount of land,
20 where they can carry out a market rate project at a
21 cost that is -- I wouldn't call it high end, but it
22 would be more probably in the range of 200,000. In
23 some instances they are looking at older industrial
24 parcels to see if they can secure land on their own
25 and where necessary. We entertain the request to

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2 support any land assembly activities.

3 So, again, as a part of the plan, I
4 think as we get more land in public inventory is an
5 opportunity to go out even more through our RFP
6 process or proactively market land for redevelopment
7 at market rate.

8 COUNCILMAN NUTTER: So is there a plan
9 for market rate housing for the City?

10 MS. SMITH: When you say "a plan,"
11 initially we have been putting our focus on land
12 assembly work and facilitating, meeting with
13 developers, talking about opportunities in
14 Philadelphia, hearing what their requirements are,
15 what parts of the City they are interested in, those
16 types of questions.

17 A lot of times what I would call market
18 rate nonsubsidized housing developers tend to go out
19 and assemble land or attempt to assemble land on
20 their own where they think the economics of the
21 project would work. The most active person who has
22 been pursuing this, as everyone knows and has been
23 reported, has been the Westrom companies. They have
24 been looking at numerous sites throughout
25 Philadelphia and doing their own due diligence with

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2 respect to that.

3 COUNCILMAN NUTTER: There was recently
4 an announcement actually out of New York City about
5 new housing proposed I believe in lower Manhattan
6 and a plan had been assembled in New York. So we
7 don't have a plan per se for new market rate
8 housing. We have a lot of discussions and we have
9 had some meetings?

10 MS. SMITH: I think one of the things --
11 and I don't know the specifics. I just heard about
12 the New York program, but I think one of the
13 specific differences -- and Cleveland is another
14 City that has benefitted a great deal from what we
15 call market rate middle income housing -- is that
16 they already had the land in hand. New York goes
17 back to the '70s, always aggressive in public
18 ownership land which they can proactively market,
19 and I think what they are doing is putting together
20 a variety of different types of mortgage products to
21 help facilitate the sale of those properties.

22 COUNCILMAN NUTTER: You are not taking a
23 position that until we know that we have the land in
24 hand we shouldn't try to plan for where we might
25 want market rate housing or where we would like to

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2 see it go --

3 MS. SMITH: It's a very --

4 COUNCILMAN NUTTER: -- or actions that
5 we should take to try to make it happen?

6 MS. SMITH: It's a very interesting
7 question. It is almost which comes first. Some
8 private developers, in fact a number of them that I
9 have met with, tend to say just because you -- that
10 this is our business and we like to figure out where
11 as opposed to us saying, you know, here, new market
12 rate housing there, because they may feel for
13 economic reasons or how they are looking at their
14 project that doesn't make sense.

15 So what we have been doing is getting
16 information and trying to work with individual
17 developers from Hanavian to the Westrom companies to
18 see where they are interested and if there's a need
19 for governmental assistance to assist with land
20 assembly, then we will try the system with that part
21 of it.

22 COUNCIL PRESIDENT VERNA: Councilman
23 Nutter, excuse me. When you talk about the New York
24 plan, are you talking about the City having given
25 these big brownstone properties to developers for a

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2 dollar? And I think at the end of the completion of
3 the rehab work they were sold for somewhere in the
4 vicinity of \$400,000?

5 COUNCILMAN NUTTER: Madam President, I
6 wasn't specifically talking about that. There was
7 actually an announcement I believe just last week by
8 Mayor Bloomberg in New York City. Some of this
9 naturally, unfortunately, comes as a result of post
10 9/11 events and availability of some land in the
11 lower Manhattan section but also just taking a look
12 at that general area, and they have decided in New
13 York that they want to push or promote -- I believe
14 the number was upwards of ten and a half billion
15 dollars' worth of development activity in that area.
16 A fair amount of that money is actually going to
17 come as a result of Federal Government reimbursement
18 to New York City for many of their 9/11 costs, but
19 the City has just decided that they want to promote
20 development in certain areas and have asked their
21 planning people to take a look at how they would do
22 it. That was the most recent announcement out of
23 the Bloomberg administration.

24 And so I just wondered of our folks here
25 how we look at the planning process, and I

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2 understand the whole what comes first, but it seems
3 to me that if we at least lay out a vision for what
4 we want to see happen, you can from time to time
5 actually get some people to buy into it or assist
6 you in making it happen --

7 MS. SMITH: And that's why we --

8 COUNCILMAN NUTTER: -- as opposed to
9 just leaving them out there on their own to say, I
10 want to be over here and we would really like
11 someone to be in a slightly different place and make
12 a case for why it works for a number of reasons.

13 MS. SMITH: As I said, we have had
14 innumerable conversations with a variety of
15 developers at different points in time where they
16 thought they saw opportunities, what type of things
17 they are interested in and the like and how, for
18 example -- it goes back to we did articulate the
19 importance of doing land assembly in areas which,
20 you know, clearly are adjacent to Center City. I
21 think the Mantua area is an example of that. It
22 builds off a very strong real estate market. Land
23 is still relatively inexpensive. It's close to the
24 park and other amenities. Those are the types of
25 conversations that we have been having.

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2 COUNCILMAN NUTTER: Is Mr. Hanna here
3 today? We have a new secretary of --

4 MS. SMITH: That's correct, and I
5 believe his office is in the process of beginning to
6 set up meetings to speak with each of the
7 Councilpersons individually. He arrived last week.

8 COUNCILMAN NUTTER: I'm sorry?

9 MS. SMITH: He formally joined the
10 administration last week.

11 COUNCILMAN NUTTER: Acquisition
12 disposition. I heard at the hearing last week
13 Mr. Wetzel talked about one of the changes that had
14 taken place at the state level, and I think it was
15 mentioned this morning, about the five-year holding
16 of dollars down to one year. Has any action taken
17 place to actually lessen the amount of time it takes
18 for acquisition and disposition of properties?
19 Where is that issue?

20 MS. SMITH: Some of the things that we
21 are doing administratively is putting together, as I
22 said, the concept of the predictable cycle and then
23 tying that in, giving priority to acquisitions
24 around -- these are the policy things and then there
25 is also work happening in terms of the actual

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2 nitty-gritty detail of a project.

3 COUNCILMAN NUTTER: I'm actually more
4 interested in the nitty-gritty detail from start to
5 finish.

6 MS. SMITH: In the nitty-gritty detail
7 what has been done is that the staff master has
8 completed what we call a detailed data flow process
9 and chart which goes through and not only maps the
10 steps but what individuals do with respect to
11 acquisition and disposition activities and so it
12 becomes a road map. That is being evaluated to then
13 say where can we save time?

14 A perfect example could be that often we
15 may take five or six steps and get a no decision on
16 something or research decision and you end up going
17 back to Step 1, and now that we kind of mapped this
18 in such a way, we can say, Maybe we need to do Step
19 1, 5 and 10 at the beginning of the process, give
20 all that information up front so that when we reach
21 Step 5 we don't have to double-back, but that's the
22 type of work that has been done.

23 COUNCILMAN NUTTER: On average how long
24 does it take to acquire and dispose of a
25 tax-delinquent property in Philadelphia?

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2 MS. SMITH: Through eminent domain or
3 Act 94?

4 COUNCILMAN NUTTER: Pick your method.

5 MR. KUNZ: On average I would say it
6 takes about a year after the developer has or the
7 recipient of the property actually has plans
8 prepared.

9 COUNCILMAN NUTTER: A year from the time
10 they have plans prepared?

11 MR. KUNZ: If the clock starts when we
12 actually have the funding and if they can come up
13 with plans about nine months later, it would take
14 about a year.

15 COUNCILMAN NUTTER: I want to make sure
16 I'm clear. Is that the nine months --

17 MR. KUNZ: Nine months' acquisition and
18 approximately three months for disposition.

19 COUNCILMAN NUTTER: That is if you have
20 the funding and the person has plans?

21 MR. KUNZ: Correct.

22 COUNCILMAN NUTTER: And that's through
23 condemnation?

24 MR. KUNZ: That's through condemnation.

25 COUNCILMAN NUTTER: And this is the

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2 issue where you have to put the money in court.

3 MR. KUNZ: The reason I say if you have
4 the money is because we can't really proceed to do
5 anything as far as condemning the property until we
6 actually have a funding source.

7 COUNCILMAN NUTTER: I understand. Is it
8 also through that process that you have this whole
9 put up certain funds in court and the issue that you
10 raised earlier about the money staying with the
11 court five years versus one year? Is that the same
12 process?

13 MR. KUNZ: That is the same process, but
14 that speaks more to when we can -- when the City can
15 actually go in and recoup the property if there is
16 no owner of record or if the owner of record doesn't
17 appear.

18 COUNCILMAN NUTTER: So you are saying it
19 is about a year now?

20 MR. KUNZ: It's about a year.

21 COUNCILMAN NUTTER: Do we use sheriff's
22 sale to acquire property as well, or acquire and
23 dispose of?

24 MS. SMITH: We have not used sheriff's
25 sale as a primary means for acquiring properties

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2 where we envision the development. The sheriff's
3 sale can still be used. For example, any individual
4 can initiate a sheriff sale by paying \$800 and then
5 that goes through the VPRC process, but in terms of
6 using that as an acquisition tool to support
7 redevelopment type activities, that is not the
8 primary engine in Philadelphia we have been using
9 to --

10 COUNCILMAN NUTTER: Why is that?

11 MS. SMITH: I think for several reasons.
12 The ability to manage particularly multiple parcels.
13 If you are trying to do site assembly, each one is
14 sort of an individual project in and of itself and
15 some things -- maybe a property could be bid up
16 to our tax delinquent and we would get outbid and we
17 don't have control over it.

18 I mean in terms of order of priority,
19 the eminent domain process, you know, at the end of
20 it you have good title, you have control, and the
21 steps involved in it are fairly predictable, and by
22 trying to set up our declaration of taking that to
23 occur within two months after the ordinance is
24 approved by Council and by trying to get Council
25 approval in December and June of each year, we are

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2 trying to get that, as we always said, more
3 predictability and transparency.

4 And that also we hope means to the
5 development community that as they look at and
6 analyze and evaluate their projects, that they will
7 try to piggyback on those time lines.

8 COUNCILMAN NUTTER: A couple last
9 questions. Has the funding been made available for
10 -- I think on Page 5 there is a consultant to work
11 with Council, Council members, on projects in their
12 district.

13 MS. SMITH: That money was appropriated
14 at the time of the approval of this budget. I don't
15 believe we received any specific requests yet to --
16 I'm not sure what the process is of drawing that
17 down, but that is still there. It's still
18 available.

19 COUNCILMAN NUTTER: Tell me what is
20 going on with the study of curbs, sidewalks,
21 driveways and alleys.

22 MS. SMITH: We have been focusing
23 primarily on the retaining wall. We at our last
24 meeting with the managing director's office began to
25 talk about what could be some other ways to look at

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2 the curb and sidewalk and driveway issue. There we
3 are going to be doing some best practices research
4 and also looking at what other jurisdictions are
5 currently doing and I intend to make this issue an
6 important part of any of the conversations that we
7 have in Harrisburg. We call it the issue of private
8 infrastructure. It is my hope that we are able over
9 the next 60 days to be able to really document
10 within the State of Pennsylvania and other
11 particularly aging urban centers. Even though they
12 may not be as large as Philadelphia, we are quite
13 sure that they are confronted with some of the
14 similar issues and then can we look at a way to
15 create a statewide program around funding or
16 supporting infrastructure improvement like this.

17 COUNCILMAN NUTTER: You will keep us
18 informed?

19 MS. SMITH: Yes.

20 COUNCILMAN NUTTER: Your testimony
21 indicates that apparently the CLIP program has been
22 -- I'm going to assume that it is being successful
23 given some of the numbers, 5700 L & I violations,
24 2600 street violations. Again, just from what I
25 have read in various news accounts, I understand

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2 that the program has now been expanded beyond the
3 Sixth and the Tenth Districts into the Third
4 District. Can you tell me how the program is
5 functioning over there and when will it be expanding
6 over into the Fourth District?

7 MS. SMITH: Can I bring someone from the
8 managing director's office to begin talking a little
9 bit about that?

10 COUNCILMAN NUTTER: Sure. Actually I
11 don't mean to leave the question so narrow because
12 the testimony previously indicated that at some
13 point in time the program would expand citywide, but
14 I think it was also stated at that point that you
15 were looking at the Sixth and the Tenth and then you
16 would proceed with potential expansion. If the
17 program is expanding, I would like to understand how
18 my constituents can benefit from it.

19 MS. SMITH: Basically what that
20 initiative was trying to do was to rethink how we
21 did quality of life code enforcement activities. My
22 understanding is that the program in the Third
23 District was a program that I think there may be
24 other resources being put on the table privately.
25 I'm not as familiar with the details. And then we,

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2 as part of the FY '04 NTI activity, we are going to
3 look at how we can then begin replicating the
4 concept of CLIP in other districts, and I know the
5 managing director's office, because it really is
6 more of a redeployment issue than just a funding
7 issue.

8 COUNCILMAN NUTTER: I think one of the
9 exciting parts actually of at least the news account
10 and as articulated -- and I commend my colleague for
11 it, for pointing this out. The councilwoman
12 specifically indicated that the opportunity to
13 expand the CLIP program in the Third came as a
14 result of the flexibility of NTI funding and it is
15 what you can utilize to make these things happen, so
16 I would just like to better understand how the
17 dollars can be used in this way to make a program
18 happen in another district.

19 MS. SMITH: For example, I know that we
20 said we are going to do a target basic system repair
21 program. We are issuing an RFP for that, but in
22 terms of things like the code enforcement related
23 work, we expect the streets and some of these
24 quality of life type of things, that is general
25 operating dollars and it is more of how we are

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2 deploying people in a more targeted fashion to issue
3 those citations as opposed to on a complaint-driven
4 basis.

5 COUNCILMAN NUTTER: You are talking
6 about over in the Sixth and the Tenth?

7 MS. SMITH: Yes.

8 COUNCILMAN NUTTER: And now being
9 expanded to the Third?

10 MS. SMITH: I can't speak to the extent
11 that it was expanded to the Third. Maybe there were
12 some conversations about that. I would have to ask
13 Laurie.

14 MS. JONES: Good afternoon. Laurie
15 Jones with the managing director's office.

16 You are asking a question about how we
17 are thinking of expanding CLIP to other areas of the
18 City. The next area that we are looking at is part
19 of West Philadelphia and it is a program that is
20 somewhat different than what we have with CLIP. The
21 idea is to take the concept of Neighborhood
22 Transformation Initiative, the concept of improving
23 the quality of life throughout the city and we will
24 be deploying a second group of people to address
25 issues that have arisen.

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2 It's very different from CLIP in that it
3 is not just going around and issuing citations. It
4 will involve more conversations with communities
5 where neighbors in the community or the
6 Councilperson in the community are identifying some
7 of the areas of concern and then together we are
8 working in a concerted way and a more directed way
9 of correcting some of those concerns and addressing
10 those issues.

11 That's something that I am sure very
12 soon we will be able to expand to other parts of the
13 City and we can have conversations about that.

14 COUNCILMAN NUTTER: I'm sure you will be
15 coming back to testify in front of us on many
16 occasions. The only thing I have to ask you to do
17 is slow down a little bit. Tell me that last part
18 again. You are going to be expanding?

19 MS. JONES: Which last part?

20 COUNCILMAN NUTTER: The last part of
21 what you said.

22 MS. JONES: What I was saying is that
23 what we are doing now with going into a section of
24 West Philadelphia is working with community
25 residents, with the Councilperson in the area,

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2 working together with a group out of the MDO to
3 address quality of life issues in a controlled,
4 concerted effort to improve those quality of life
5 issues there.

6 It's very different from CLIP in that we
7 are not going across the board and issuing
8 violations. It is something that we were doing in
9 consultation with the residents, which is somewhat
10 different.

11 In terms of how we can expand that to
12 other parts of the City, we can definitely have
13 conversations about how we do that.

14 COUNCILMAN NUTTER: I guess my question
15 then is when will those other conversations start
16 and when can I anticipate similar enforcement of
17 quality of life improvement efforts in the district
18 that I represent?

19 MS. JONES: One of the things I would do
20 is I would suggest that I can have a conversation
21 with somebody in your office and we can start
22 talking about how we can do that.

23 COUNCILMAN NUTTER: You can start with
24 me.

25 MR. JONES: Okay.

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2 COUNCILMAN NUTTER: Thank you.

3 COUNCIL PRESIDENT VERNA: Excuse me,
4 Councilman.

5 When you do that with Councilman Nutter,
6 would you make sure you do that with me too, please?

7 MS. SMITH: I think what we will do is I
8 will have the managing director's office maybe
9 schedule meetings with all of the Councilpeople to
10 talk about how do we do this prioritization of I
11 think major problems that affect quality of life in
12 the district. I think again because of capacity
13 issues what they are attempting to do is to say what
14 are the top 10 to 15 complaints or issues that
15 impact quality of life. Let's deal with those,
16 developing a prioritization list as we move forward.

17 COUNCILMAN NUTTER: Thank you.

18 Miss Smith, when you responded to
19 Councilwoman Miller, she asked you about fencing,
20 and I was left based on that discussion with the
21 impression that fencing was being handled on a
22 case-by-case basis but that there did not appear to
23 be a fencing program here in the City and that out
24 of demolition it's either left I guess to the
25 Councilperson to inquire about it or it is left to

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2 the discretion of either L & I or possibly the
3 managing director's office to decide based on
4 whatever those criteria may be as to whether or not
5 a fence will go up. Is that our policy?

6 MS. SMITH: For larger projects we are
7 trying to put in place resources and programs.

8 COUNCILMAN NUTTER: I'm talking about
9 your garden variety demolition.

10 MS. SMITH: Just as in the past where we
11 work with the district Councilpeople around the
12 demolition activity, there have been conversations I
13 think or requests that will come through and the
14 decision is made. There is not a separate line item
15 budget just for fencing or fencing programs to say
16 we will fence always in these circumstances, but we
17 are trying to focus on the larger lots. We are
18 doing things where there is security issues and the
19 like and also begin to raise private funds as well
20 as -- and in one instance even got a small federal
21 grant to do larger scale treatments of the vacant
22 land to secure it or stabilize that lot.

23 COUNCILMAN NUTTER: If the neighbor
24 recognizes that demolition is about to happen, who
25 do they call if they want a fence on the property

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2 next door because in most cases there are some
3 security-related issues. They generally don't like
4 people standing next to their house or standing in
5 their backyard.

6 MS. SMITH: With the emergency
7 demolition we usually again work through and with
8 the district Councilperson when we take those
9 properties down. With the NTI we also put together
10 budgets and indicate how we are going to do the post
11 demolition treatments on the land so that -- those
12 are the bigger projects.

13 COUNCILMAN NUTTER: Page 5 of the -- we
14 are still calling this the program statement, right?
15 Page 5 talks about --

16 MS. SMITH: I'm sorry. Did you say the
17 original or the --

18 COUNCILMAN NUTTER: No; the document in
19 front of me, the 12/12/02 document. I guess this is
20 the amendment to the original program statement.

21 MS. SMITH: Yes, this one.

22 COUNCILMAN NUTTER: Page 5 talks about a
23 five-year strategic plan to implement a green city
24 strategy, complimentary treat and manage vacant
25 land. What's going on with that?

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2 MS. SMITH: What we are beginning to do
3 is select -- two things. We are beginning to work
4 with the Horticultural Society to identify about six
5 target areas for the next two years around which we
6 can raise money. The greening activity is
7 essentially modeled on the work that the
8 Horticultural Society has done in partnership with
9 the empowerment zone and community-based
10 organizations, what we call a basic cleaning and
11 stabilization and greening.

12 The signature for that type of treatment
13 has been tree plantings around the rim as well as
14 low-level fencing. We expanded that through the
15 small grant we received from -- the Horticultural
16 Society received from the William Penn Foundation to
17 do some areas outside of the empowerment zone. I
18 believe there was one in your district around 54th
19 Street and Hunter.

20 The other part is to begin to look at
21 strategies for raising funds. That would include
22 what federal resources we can bring to bear, looking
23 at what resources, for example, may be within like
24 the USDA forestry programs and other resources to
25 augment that pool. Straight up vacant land

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2 maintenance and stabilization are not activities
3 that we can simply do out of bond proceeds and, as
4 you know, the general operating budget is also -- we
5 are doing a lot cleaning out of that, but that next
6 level of treatment is what we are working on.

7 COUNCILMAN NUTTER: So you have a
8 contract with Pennsylvania Horticultural Society?

9 MS. SMITH: We have a small planning
10 contract that I think was through the Office of
11 Housing and Community Development to help work with
12 us on that.

13 They have also put out -- in fact, I
14 will be happy to get copies for City Council --
15 manuals on vacant land management and treatment that
16 kind of captures the history of their work in this
17 area over the last three to five years.

18 COUNCILMAN NUTTER: I think my last
19 question is going to be about encapsulation. How
20 many properties have we encapsulated since the
21 budget was approved and who is in charge of that?
22 Because I have not had a conversation with anyone in
23 recent times about encapsulation.

24 MS. SMITH: I will ask Mr. Rothstein to
25 talk a little bit about that.

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2 MR. ROTHSTEIN: Councilman, to date, and
3 again I don't have the number in front of me, I
4 believe it is 12 encapsulations that have taken
5 place up in the Frankford area. That was work which
6 was executed by the PHA a couple months ago. Quite
7 frankly, we have concentrated our efforts on the
8 demolition side of the program and clearly we are a
9 few months behind on implementing the stabilization
10 strategy.

11 COUNCILMAN NUTTER: Is it anticipated
12 that these activities again will be simultaneous, or
13 are they going to be serial in nature?

14 MR. ROTHSTEIN: It is anticipated that
15 they will be simultaneous and I think you will see
16 in a very short term here a lot more activity. We
17 have been having some discussions with the
18 Redevelopment Authority to help us provide a level
19 of staffing for the stabilization program that will
20 allow us to look simultaneously in several districts
21 at once, and by the end of the fiscal year I think
22 you will see that they will be caught back up with
23 each other.

24 COUNCILMAN NUTTER: Lastly, is there a
25 designated person -- I have had this conversation

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2 with both the Mayor and with Mr. Wetzel. Is there a
3 person who is specifically designated to work with
4 Council members on all of the various components of
5 NTI, or do you just deal with whoever you need to
6 deal with about the individual components of NTI?

7 MS. SMITH: We have been working -- I
8 have been working with the chief of staff and
9 individuals within the various housing and City
10 departments to identify individuals to be the point
11 person or liaison on a district-by-district basis.
12 You know, it's a question of who is available and
13 what other job responsibilities they have as well as
14 their ability to work within or outside of their
15 current job descriptions. So we are still putting
16 that together. We recognize it is a key need in
17 terms of helping coordinating activities because one
18 thing about NTI, it is not just one type of
19 activity; it involves a range of activities.

20 COUNCILMAN NUTTER: No, I understand,
21 and I will apologize to you upfront if you find it
22 difficult to find anyone who ends up either
23 volunteering or possibly is assigned to work with
24 me. I will try not to be as difficult as the person
25 might anticipate under these circumstances. Okay?

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2 Thank you. Thank you for your responses.

3 Thank you, Madam Chair.

4 COUNCIL PRESIDENT VERNA: You're
5 welcome.

6 The Chair recognizes Councilman Clarke.

7 COUNCILMAN CLARKE: Thank you, Madam
8 President.

9 Good afternoon.

10 MS. SMITH: Good afternoon.

11 COUNCILMAN CLARKE: I just want to ask a
12 couple of quick questions about market rate housing.
13 That term is thrown around in various quarters. Can
14 you define market rate housing with respect to your
15 understanding of that term?

16 MS. SMITH: The way we have used it in
17 connection with NTI is housing that does not receive
18 direct construction subsidies in order to make the
19 development project work.

20 COUNCILMAN CLARKE: To the unit itself?

21 MS. SMITH: To the unit itself. Because
22 in Philadelphia many of our neighborhoods, the fair
23 market value is significantly lower, even after
24 rehab or after sale, than the development costs we
25 have to put in public subsidies to make up the

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2 difference. If you are able to sell a property -- a
3 house at or near the cost of developing it, you
4 won't need a public subsidy, and that's how we use
5 market rate. It is not just -- some people think,
6 oh, it is high-end housing. When people say
7 "high-end sales housing," that is housing that costs
8 300,000 or 350,000 or above.

9 It is possible depending on the
10 development costs -- I guess in Philadelphia market
11 rate without subsidy could probably end up in the
12 area -- I know there has been some development maybe
13 around 150 or 200. That's what your residential
14 home builders say, it would be about a \$200,000
15 housing project.

16 COUNCILMAN CLARKE: Are you familiar or
17 anyone from the administration or any other
18 supporting agencies familiar with suburban
19 development? It is my understanding -- and correct
20 me if I'm wrong -- that a lot of suburban complexes
21 and particularly the onslaught of houses in the
22 perimeter of the City of Philadelphia, although they
23 may not have received some levels of direct subsidy
24 to the particular unit, but in a lot of instances
25 the townships, the states, the counties may have

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2 provided subsidy in terms of the way of access
3 roads, in terms of utility infrastructure
4 improvement, that without that being in place, those
5 units would not be marketable units?

6 I can recall Governor-elect Rendell in
7 one of his speeches he was talking about a
8 particular location that happened to be a
9 quasiresidential and industrial complex, at least
10 the potential for one, that he wanted to ensure that
11 one of the first priorities is that he would make
12 sure that there was an access road to that
13 particular location. Can you talk to me about that,
14 in the suburbs how dollars are spent indirectly to
15 support those types of things?

16 MS. SMITH: Often, and I'm not sure if
17 this is the correct terminology, but sometimes their
18 fees excess, so they are called exaction fees I
19 believe or development fees that end up paying for
20 the putting in of sewer lines and the infrastructure
21 to support the development.

22 COUNCILMAN CLARKE: Outside of the
23 complex?

24 MS. SMITH: Yes, it is like an extra fee
25 on top of the development and I guess the developer

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2 gets that back in the home ownership association
3 fees and the like for that.

4 COUNCILMAN CLARKE: So you are saying
5 that the home purchaser is paying for a road?

6 MS. SMITH: Or the developer in some
7 cases.

8 COUNCILMAN CLARKE: Now, I'm not talking
9 about a road in the complex. I'm talking about a
10 road that is commonly used by everyone who happens
11 to potentially pass by. I'm not talking about a
12 road within the complex. I'm saying an access road
13 meaning it could potentially be a highway. I know
14 there are a number of -- 309 is an example and I
15 think a couple of other roads leading out of
16 Philadelphia. There were a number of improvements
17 that happened on 611 that happened to the road and
18 shortly thereafter it was a substantial development
19 initiative taking place out there, and I'm just
20 wondering --

21 MS. SMITH: I would imagine it is either
22 federal funds, you know, from the Department of
23 Transportation probably could be a source for that
24 type of road building, or the county's general fund
25 or capital funds.

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2 COUNCILMAN CLARKE: Some level of
3 subsidy; i.e., taxpayer dollars, just done in a
4 different way?

5 MS. SMITH: Yes, still taxpayer dollars,
6 but it comes out of the Department of Transportation
7 or out of the county's capital program.

8 COUNCILMAN CLARKE: If in some
9 neighborhoods you take a look at neighborhoods
10 whereas you may be in a position to provide some
11 outside, quote/unquote, subsidies separate and aside
12 from the particular housing development that would
13 make properties marketable as an example. You have
14 a neighborhood that there may be some peripheral
15 problems associated with that neighborhood,
16 transportation, access roads, other lighting
17 conditions, that if those particular impediments
18 were removed, then this would be a marketable
19 neighborhood whereas the property would sell on the
20 market without a subsidy directly to the property.
21 Do you understand where I'm going with this?

22 MS. SMITH: I think so.

23 COUNCILMAN CLARKE: I'm just wondering
24 if there are other ways that we can provide subsidy.
25 The reason I ask that question, in some areas in my

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2 district as an example, we, meaning the City, with
3 its various agencies, PHDC and similar agencies,
4 will go into a neighborhood and we will acquire a
5 vacant property and we will spend upwards of 80, 90,
6 a hundred thousand dollars to renovate that vacant
7 property, and in that particular neighborhood
8 properties tend to sell between 30 and \$35,000, and.

9 I guess what I'm trying to say is is
10 there a way that we can create some sort of program
11 that will require or enhance the likelihood that a
12 private individual will buy a property in that
13 neighborhood on the private market as opposed to us
14 going in and buying the house and spending a hundred
15 thousand dollars and selling it for 30,000, creating
16 a \$70,000 subsidy?

17 I guess what I'm trying to say, is there
18 a way we can spend our subsidy dollars a little
19 differently to have properties sell for what they
20 should sell for and not have us in the construction
21 end of the property themselves? Because I think
22 that is problematic in terms of the cost of those
23 units.

24 MS. SMITH: I would have to look a
25 little more into that because, again, it might get

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2 -- it depends on what dollars we are using and
3 whether or not we can just give a grant to an
4 individual to do rehab without triggering other
5 issues. I would have to look at that.

6 COUNCILMAN CLARKE: My problem is that
7 when we develop units we pay, I believe, three times
8 more than they would if the private sector developed
9 the unit. And I had actually talked to you about
10 this to some degree earlier on, about a strategy
11 that would allow or create an environment where an
12 individual could rehab the property themselves or
13 purchase the property themselves on that private
14 sector tract where if there is a property that is in
15 a reasonable condition, that a person can purchase
16 it for 25, \$30,000 on the block, which homes are
17 selling for on that block, instead of us allowing
18 the property to deteriorate and we end up going in
19 and rehabbing it for a hundred thousand.

20 MS. SMITH: That is the intent behind
21 something that we called the home ownership rehab
22 program. It's one of the reasons why we opened that
23 program up to individuals, small contractors, and
24 didn't limit it to CDCs, where the individual can go
25 and get the property off the private market, access

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2 up to, I believe it is, \$25,000 in subsidies, and
3 because they are single transactions, they
4 trigger --

5 COUNCILMAN CLARKE: That's not what I'm
6 talking about. What I'm talking about is the
7 property becomes vacant, right? The property is in
8 virtually move-in condition, but what we did was we
9 allowed the house to sit there and it deteriorates
10 over a period of time and then it becomes a,
11 quote/unquote, vacant house in the truest tradition
12 of the word, at least in our minds, and then that
13 requires that \$25,000 subsidy from HRP.

14 What I'm talking about is a property
15 becomes vacant. That property is livable. Is there
16 a way that we can get access to the property through
17 the heir or somebody so that we can get somebody in
18 that property early on before we have to spend
19 \$25,000 in subsidy?

20 MS. SMITH: Again, we would have to go
21 through either a condemnation -- and, most likely,
22 properties that tend to -- that you are talking
23 about are in areas that are outside of urban renewal
24 areas so we would use an Act 94 condemnation process
25 unless --

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2 COUNCILMAN CLARKE: Why do we have to
3 acquire the property?

4 MS. SMITH: I'm assuming the individual
5 who owns the vacant property, is that person around?

6 COUNCILMAN CLARKE: I don't know. It is
7 normally a situation where you have some family
8 member that doesn't care. The grandmother passes
9 and the kids don't want to move into the
10 neighborhood, you know. They are not interested and
11 there is some heir or title problems. We don't know
12 who owns it, but the property is a livable property.
13 Is there a way we can intervene immediately?

14 MS. SMITH: We would still need to get
15 the legal title to that property. For example, if
16 it was an estate property and there's three children
17 and no will and the three children cannot get
18 together and agree to sell the property, in order
19 for us to get control of that property, "us" being
20 the government, to give it to someone else, we would
21 have to use our condemnation powers.

22 COUNCILMAN CLARKE: I hear you, but I'm
23 saying there are instances, believe it or not, where
24 people may want to get rid of the property, but
25 there is no link between those heirs or that

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2 individual or family member. People just don't
3 want to be bothered with the house. Can we do an
4 early intervention?

5 MS. SMITH: If the person wants to offer
6 it to -- I would think it would be better to keep
7 the government out of it. If there is an individual
8 or a group who is able to pick up that property, go
9 to them, then it should be a direct sale as opposed
10 to selling it to the government, which means we have
11 to bring it into our ownership and then dispose of
12 it. Then there is the donor/taker program where
13 there is tax delinquency. They can use that one
14 where they donate it to a particular person, but
15 there has to be tax delinquency, right? Yeah.

16 MS. MCCULLICK: Debra McCullick,
17 director of housing.

18 The other place where we tried to do
19 some of those connections, we have a small program
20 called the vacancy prevention program where we have
21 tried to enlist people's aid, particularly for
22 elderly homeowners, to both help them with what you
23 might call financial literacy about what do you do
24 with your house so that people will have wills and
25 know what -- make some plan for what to do with

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2 their house and then also we have sort of a small
3 databank where people have connected up with local
4 CDCs where they know in the event that something
5 happens to this person, this is who to contact
6 through the CDC. You know, I have a son who lives
7 in California. He is not going to want the house.
8 We will sell it to the CDC, but that is all just a
9 voluntary sort of trying to provide information.

10 COUNCILMAN CLARKE: And as an incentive
11 for a home purchaser, we can give them a \$5000 basic
12 systems grant or -- I guess what I'm trying to do is
13 minimize the subsidy and intervene on those
14 properties early on in the process before they
15 become deteriorated, and if it calls for us to do a
16 5, \$10,000 subsidy to the home purchaser to rehab
17 the house on their own where they hire John Q
18 electricians or whoever, it is going to decrease the
19 cost I believe by at least 50 percent and get that
20 property back on line as opposed to us acquiring the
21 property, paying the market value for the
22 condemnation and then going and rehabbing the
23 property at some exorbitant cost, and selling it for
24 the 30,000 that it could have sold for in the
25 private market early on. We need to get a little

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2 more creative than the traditional --

3 MS. SMITH: More brainstorming, yes.

4 And I think the first step in that is to get control

5 of the property either through a public action or

6 through a private transaction because if we don't

7 get the title to the property --

8 COUNCILMAN CLARKE: My purpose is to

9 get -- I would rather the private transaction

10 strategy because once the public gets in it, it's a

11 whole other story and it escalates the price about

12 50 percent whatever you end up doing.

13 I know too often in the neighborhoods,

14 and since we are talking about Strawberry Mansion,

15 which I'm somewhat familiar with, that properties

16 become vacant and, you know, the kid may be in

17 California. They don't care. It's a headache, and

18 if they simply got a phone call from somebody

19 saying, "Look, we understand you are an heir to the

20 property, if you have any problems cleaning up the

21 will, we will help you with that. Are you

22 interested in selling the property? This is the

23 market value for the property."

24 The person says now they have the

25 assistance of getting involved in disposing of the

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2 property. That could be the difference in them
3 saying it is a headache, this is an area that I used
4 to live in 30 years ago, I don't want to move back,
5 and then that property just declines.

6 So I'm trying to say is it more prudent
7 for us to try to have that minimal intervention and
8 even offer some financial incentive, to give
9 somebody 5 or \$10,000 to fix the house up, as
10 opposed to ten years later spending a hundred
11 thousand dollars.

12 MS. SMITH: We can definitely look into
13 that. Maybe part of the housing counseling
14 agencies, they could be the type of agencies that
15 could search out individuals, but from experience a
16 lot of times, I mean, if the person has already left
17 or already hasn't made provisions or haven't filed
18 letters of administration, things of that nature, it
19 is harder to track down. Maybe people in the
20 community, that could be a little bit of an
21 organizing type of approach you could take where
22 people may have information about how to locate
23 heirs and things like that.

24 COUNCILMAN CLARKE: They tend to
25 know more than just about everybody. They know who

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2 the kids are, where they moved to.

3 Now, we had this conversation about a
4 year ago and nothing happened. Can we follow up on
5 this for real?

6 MS. SMITH: I think there is stuff
7 happening in the vacancy prevention program where
8 some of that work is going on. We just haven't thus
9 far taken it to scale. Maybe what we can look at is
10 as a part of next year's budget and resources is is
11 that a role that housing counseling agencies -- I
12 think you would want somebody, in my opinion -- this
13 is -- I don't know if this is something that we,
14 government, sit around and try to track down people
15 or do you find somebody who is a little bit closer
16 to the ground who can do that type of outreach and
17 organizing, and then the question is who, and maybe
18 since we have an existing network of housing
19 counseling agencies that work with people who are
20 interested in buying houses anyway, that might be
21 available for us.

22 COUNCILMAN CLARKE: In another part of
23 my district I have an area that a certain CDC has
24 been very aggressive in identifying vacant
25 properties and they have a person whose sole

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2 responsibility it is to track down the heirs or the
3 owners and they have been able to successfully
4 acquire properties in a private transaction and then
5 through one strategy or another put the property
6 back on the market and I don't necessarily, frankly
7 speaking, want to have government as that entity
8 whose responsibility it is to track that heir down
9 or that owner. I think sometimes if you have
10 someone from the private sector and that whole
11 acquisition or that notification or strategy is fee
12 driven, that it will enhance the likelihood that
13 that person is going to find that individual who
14 owns that property or the heir to that property and
15 to figure out a way to get these home purchases
16 together with an incentive, small financial
17 incentive, and the person who was interested in
18 getting rid of a problem and decrease the subsidy
19 involved at a substantial level.

20 I think we need to -- I guess I'm just
21 concerned where we go in the neighborhood and there
22 is a property on the block selling by Josephine Q
23 Real Estate Company for \$25,000 and then we go and
24 acquire a vacant property down on the same block and
25 rehab it for a hundred thousand dollars and sell it

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2 for 20, \$25,000, and I think we need to look at that
3 other approach to stretch that subsidy dollar.

4 Who's going to follow up on it?

5 MS. SMITH: I will ask Debra to follow
6 up maybe with the specifics of that.

7 MS. MCCULLICK: Like I said, we have
8 what we are calling the vacancy prevention program.
9 We can try to expand it a little bit and get some
10 other ideas from you.

11 COUNCILMAN CLARKE: So you will contact
12 myself?

13 MS. MCCULLICK: Yes.

14 COUNCILMAN CLARKE: I think we need to
15 really aggressively attempt to implement that
16 strategy because, as you know, I don't have to tell
17 you, we continue to get a decrease in our federal
18 community development block grant.

19 MS. MCCULLICK: You don't have to tell
20 me.

21 COUNCILMAN CLARKE: I think \$5 million
22 again we are losing this year and I anticipate if
23 this soon to be had war starts, we are going to
24 continue to suffer a decrease in our block grant
25 dollars and our HUD-assisted dollars.

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2 Thank you, Madam President.

3 COUNCIL PRESIDENT Verna: You're
4 welcome.

5 Councilman Nutter, do you want to be
6 recognized?

7 COUNCILMAN NUTTER: Yes, Madam
8 President. I just have a couple other questions.

9 Miss Smith, I want to focus on the last
10 page or possibly the last two pages. Take me
11 through for ordinances introduced in November
12 2000 -- actually I just noticed this for the first
13 time. I'm assuming that should probably say
14 ordinances introduced in November 2002?

15 MS. SMITH: Yes.

16 COUNCILMAN NUTTER: I just saw that.
17 I'm not getting into that particular issue.

18 That group, 12,499,555, these are all
19 live projects?

20 MS. SMITH: This represents a group of
21 properties that were reviewed by the Rules Committee
22 on December 9 and voted out.

23 COUNCILMAN NUTTER: I understand that.
24 My question was, these represent actual projects
25 that are anticipated?

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2 MS. SMITH: Some of them were actual
3 projects and some of them also include acquisition
4 zones where we were taking every vacant lot within
5 that zone for landbanking purposes, and I believe
6 the Redevelopment Authority has transmitted, as
7 requested by Council, a break-out of the ones that
8 were projects -- I believe you were interested in
9 both nonprofit and for-profit developers as well as
10 the ones that were being landbanked, and I believe
11 if that hasn't been transmitted, it is in route.

12 COUNCILMAN NUTTER: In the second
13 section, ordinances to be transmitted in February
14 2003, what are these? Are these projects?

15 MS. SMITH: Some are projects and some
16 of them also represent landbanking I believe also.
17 Mr. Kunz can talk to the specifics of that.

18 MR. KUNZ: There are actually four
19 specific ordinances. They are the Logan ordinance.
20 I believe there's 985 properties there. There is an
21 ordinance for West Mill Creek and 44th and Aspen.
22 Together they account for about 339 properties.
23 It's for a PHA Hope 6. There is an ordinance for
24 Frankford Creek for 24 properties for a development
25 there and there is a Kingsessing ordinance which

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2 has, I believe, three different projects included in
3 there, PHDC, City Board of Trust, and I can't
4 remember --

5 COUNCIL PRESIDENT VERNA: Presbyterian
6 House.

7 MR. KUNZ: Presbyterian House.

8 COUNCILMAN NUTTER: I thought that was
9 in the round that we did just the other day? When
10 you made specific reference to the Board of City
11 Trusts, I thought that was in the package that we
12 did the other day.

13 MR. KUNZ: The Board of City Trust
14 project that we did the other day was in Model
15 Cities area. That is in North Philadelphia.

16 COUNCILMAN NUTTER: Okay.

17 And then this last group, the pending
18 request as of 11/15 -- I'm sorry. Let me back up.
19 So all five of these, the Kingsessing, 49th and
20 Locust, Mill Creek, Frankford Creek and Logan, these
21 are all live projects?

22 MR. KUNZ: The Logan project is probably
23 the -- we don't have a specific developer for that
24 project. We don't have a specific developer for
25 49th and Locust. The other projects -- the other

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 ordinances have live developers.

3 COUNCILMAN NUTTER: And obviously the
4 members who are concerned about those are concerned
5 about them and they should be concerned about them
6 and they will manage their process, but in a couple
7 instances we are allocating dollars to do certain
8 things in certain areas but we do not have a live or
9 formal development project, but we are anticipating
10 that something might happen; is that the way it is
11 being conducted?

12 MS. SMITH: For example, it was my
13 understanding that we received several expressions
14 of interest in developing what I guess historically
15 has been known as the Logan Triangle, where we did
16 significant demolition but never took title to that
17 land, by some commercial developers, so there is
18 not -- there is expressions of interest, but you
19 need the assembled parcel to move it forward, and I
20 believe in consultation with the district
21 Councilperson for the Ninth District you could do
22 either an RFP or expression of interest or RFQs to
23 kind of take it to the next step.

24 COUNCILMAN NUTTER: Tell me about this
25 last group.

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2 MS. SMITH: This last group represents
3 requests that came in beginning in the summer and
4 some of them as late as October and November and to
5 many degrees continue to come in.

6 COUNCILMAN NUTTER: And do they
7 represent specific development activity, or are you
8 just anticipating putting the dollars aside so that
9 if something happens you are able to --

10 MS. SMITH: In some instances like, for
11 example, the Neighbor Restorations LP project, that
12 is a specific project for -- that will use tax
13 credit and no public subsidies and they want to be
14 in a position I think to apply for tax credits in
15 October. Universal Community Homes will be a
16 specific project. So it is a combination of both.
17 Some of them will be just to have title to the
18 properties since we approved it and then maybe there
19 are interests like, for example, like the
20 Neighborhood Garden Association Trust to take over
21 the early NTI action sites that we have done some
22 improvement on.

23 So there's a whole host of -- and some
24 of them are, as indicated, just may be simply
25 landbanking so that we can proactively market for

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 development.

3 COUNCILMAN NUTTER: So you are putting
4 the dollars aside so that you have them available?

5 MS. SMITH: Uh-huh.

6 COUNCILMAN NUTTER: Is that right?

7 MS. SMITH: Yes, yes. And, again, these
8 are not complete. These are not finalized
9 estimates. The work that we would do between
10 January and March would be, you know, to further
11 vent the requests.

12 COUNCILMAN NUTTER: So let me ask this
13 question: A couple of these in the last group, the
14 approximately 61 side yards in the first
15 Councilmatic district, there is an actual list of
16 the 61 to be acquired?

17 MS. SMITH: I believe we received
18 probably by property on the acquisition form.

19 MR. KUNZ: Yes, Councilman, there is an
20 actual list.

21 COUNCILMAN NUTTER: And the various
22 Eighth District landbank for \$2 million and the
23 Seventh District commercial.

24 MR. KUNZ: Yes, we have actually
25 received requests for all of these.

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2 COUNCILMAN NUTTER: Now let's go back to
3 the earlier questioning. With regard to either
4 Allegheny West or the discussions that we have had
5 in Wynnefield or West Philadelphia, with the
6 exception of I believe it was some site cleaning
7 work at this 54th and Hunter, which is just a big
8 lot, none of those projects are listed anywhere in
9 any of these. So how are they being paid for or
10 what proceeds are being utilized or what budget is
11 the funding coming from and right or wrong, good or
12 bad, why would they not be here as opposed to
13 somewhere else?

14 MS. SMITH: This is I assume the Act
15 94s.

16 MR. KUNZ: Yes, but Allegheny West, the
17 forgotten blocks project, was previously funded. It
18 was funded from a transfer ordinance. I believe
19 that was FY '02. So that was previously funded.

20 COUNCILMAN NUTTER: Not the 20
21 properties that we were talking about earlier from
22 the transmittal this summer?

23 MR. KUNZ: The forgotten blocks project
24 for Allegheny West?

25 COUNCILMAN NUTTER: I'm not sure what it

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 is being called. It may be. I'm talking about the
3 letter that I sent during the course of the summer,
4 20 blocks, and we had the discussion earlier about
5 the need to create an urban renewal area and all of
6 that discussion.

7 MR. KUNZ: But the acquisition dollars
8 had already been committed for that project.

9 COUNCILMAN NUTTER: So then they
10 wouldn't be listed here because they are coming from
11 somewhere else?

12 MR. KUNZ: Correct.

13 COUNCILMAN NUTTER: When I go through
14 the sheets here and it seems to line up -- and
15 hopefully I have done this correctly, but out of the
16 three categories you have a million seven for the
17 First District, 3.8 for the Second, 18.4 for the
18 Third, 21,000 in the Fourth, 9.4 million in the
19 Fifth, 1.4 million in the Sixth, 4.1 in the Seventh,
20 3.1 in the Eighth, 1.8 in the Ninth and zero in the
21 Tenth. Is that correct?

22 MS. SMITH: You are talking about the
23 summary that precedes it where we broke it out by
24 Council district?

25 COUNCILMAN NUTTER: No. I took your

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 last page, and based on the categories and the
3 districts and the totals, in a district-by-district
4 accounting added it up. If you have it in a cleaner
5 version --

6 MS. SMITH: The report is slightly
7 different from what you did. I attempted to do the
8 same thing. I still tried to keep the three
9 separate categories separate.

10 COUNCILMAN NUTTER: Separate, put hem
11 together or whatever, but in a district-by-district
12 accounting do those numbers make sense?

13 MS. SMITH: Yes.

14 COUNCILMAN NUTTER: That would represent
15 again 44 million of the \$50 million in acquisition?

16 MS. SMITH: Yes.

17 COUNCILMAN NUTTER: I guess what I need
18 to figure out very quickly is some line item in here
19 that has to do with -- we can call it various Fourth
20 District landbank or we can call it whatever we
21 might want to agree to call it, but since the train
22 is clearly moving out of the station and most of the
23 dollars have been allocated in fairly significant
24 fashion in some places, average being somewhere in
25 the 1 to \$3 million range, then we should have some

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 discussion about making an amendment to this
3 particular budget, since we are in a budget
4 discussion, to designate a certain amount of more
5 relevant dollars to the Fourth District,
6 anticipating that there will be other acquisition
7 needs that are not identified on this particular
8 sheet and have that happen as a part of this larger
9 budget process.

10 MS. SMITH: One of the reasons for the
11 budget part of the program statement, it represents
12 a total of 50 million and this shows basically the
13 requests thus far, so we get your request in --
14 that's why I said it is as of the 15th. What we
15 have not done is try to do a specific line item
16 number by Council district within each budget
17 because the thing was fluctuating up and down.

18 And then the other thing, which is an
19 oversight on my part, I haven't also included the
20 Act 94 acquisition requests, which are a part of the
21 budget, but I didn't break out. Act 94s tend to be
22 in areas outside of -- not tend to be; they are in
23 areas outside of urban renewal areas.

24 COUNCILMAN NUTTER: Since we are doing
25 the budget and since we are significantly and

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2 dramatically increasing I believe from \$11 million
3 in acquisition to I think it is actually now 46 --
4 is that what's in the program statement?

5 MS. SMITH: Right. Basically, as I said
6 before, we are appropriating the entire \$50 million
7 this year so that we have enough budget authority to
8 meet this and including -- as we said, there are
9 other acquisitions that may be out there. It may
10 all in the end exceed 50 million. That's why it is
11 not a given that everything gets funded out of the
12 next group. That hasn't been finalized.

13 COUNCILMAN NUTTER: I understand that.

14 MS. SMITH: We will be doing that work
15 between January and March.

16 COUNCILMAN NUTTER: I understand that,
17 but I assume you can appreciate my intense interest
18 in making sure that we are at least listed on the
19 list and we will figure it out and I guess, as you
20 said, if something doesn't go forward, it will go
21 back in the pot or gets reallocated somewhere.
22 Where I would not like to be is we are at \$46
23 million today. You are clearly going to get more
24 than \$50 million worth of requests and then I'm on
25 the list never to be completed. So I would like to

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2 have an amendment to this budget that allocates a
3 specific amount of money that I at least know is
4 available for acquisition in the district. It is
5 still within the \$50 million cap for the moment and
6 then on a going-forward basis it's there to be
7 utilized and if for some reason we don't need it, we
8 will deal with that at that time.

9 MS. SMITH: Okay. I will tell --

10 COUNCILMAN NUTTER: Since the average
11 seems to be generally somewhere in the 1 to \$3
12 million range, I think that we are probably talking
13 about at a minimum \$2 million.

14 MS. SMITH: Okay.

15 COUNCILMAN NUTTER: I think we are going
16 to be back here on Thursday?

17 MS. SMITH: Pardon me?

18 COUNCILMAN NUTTER: I think it would
19 appear we are going to be back here on Thursday.

20 MS. SMITH: I'm not sure what you mean
21 by that. I was not privy to that.

22 COUNCILMAN NUTTER: I am anticipating we
23 are not going to take action today. It's a little
24 hard with three people. It's no stroke of
25 brilliance or genius. Generally if there are only

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 three people left in the Committee of the Whole, we
3 are probably not going to take any action at the
4 moment.

5 So if we could have some conversation
6 about that and get to a number and have that ready
7 for an amendment when we come back in session, I
8 would greatly appreciate it.

9 MS. SMITH: And I will have people from
10 the Redevelopment Authority sit down with you.

11 COUNCILMAN NUTTER: Great. Thank you.
12 Thank you, Madam President.

13 COUNCIL PRESIDENT VERNA: Thank you.

14 Miss Smith, before we call in the next
15 witnesses, we hear a great deal about market rate
16 housing. Can you tell me if you or anyone from the
17 administration has been in touch with Toll Brothers
18 regarding the Naval homes on Grays Ferry Avenue?

19 MS. SMITH: Is anybody from Planning
20 here? Yes, there have been conversations in terms
21 of moving that project forward.

22 COUNCIL PRESIDENT VERNA: Good
23 afternoon. Please identify yourself for the record.

24 MS. MASON-AILEY: My name is Victoria
25 Mason-Ailey from the City Planning Commission.

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2 Yes, we have had brief conversations,
3 actually inquiries, with Toll Brothers.

4 COUNCIL PRESIDENT VERNA: Have the
5 inquiries been on their part or our part?

6 MS. MASON-AILEY: Our part, Madam
7 President, to find out exactly what their intent is
8 at this point. Rich Lombardo, our deputy executive
9 director, has initiated those inquiries, but they
10 have not been as fruitful as we had hoped in terms
11 of any definitive response or direction in either
12 way.

13 COUNCIL PRESIDENT VERNA: Can you tell
14 us what the conversation has been?

15 MS. MASON-AILEY: We have been in the
16 process of looking at large development sites for
17 development opportunities that might be meaningful
18 for not only area developers but those in the
19 region, and the Naval home site was one of the sites
20 that the City Planning Commission has placed on the
21 table for consideration and has been discussed
22 internally. And so as part of that process we felt
23 it was important to touch base with them to find out
24 more definitively where they are with regard to
25 their proposal or their concepts or their analysis

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2 and there was no definitive response or additional
3 information provided to Rich Lombardo when we
4 inquired.

5 It took us, I would say, several weeks
6 to even reach the contact to get some sort of
7 response, but Rich was determined --

8 COUNCIL PRESIDENT VERNA: Have they
9 indicated whether they will get back to you?

10 MS. MASON-AILEY: They did get back.

11 COUNCIL PRESIDENT VERNA: And the
12 information they gave was really not anything that
13 they are going to be doing in the near future, I
14 assume?

15 MS. MASON-AILEY: Correct. That is
16 correct. I think we are looking to again maintain
17 contact with them through Rich Lombardo and to try
18 and again see if we can find out some more
19 definitive information that would be useful to us
20 and to our process.

21 COUNCIL PRESIDENT VERNA: Thank you very
22 much. Are there any other questions of Miss Smith?

23 Seeing none, our next witness will be
24 Susan Sierra. Good afternoon, thank you so much for
25 your patience. Please identify yourself for the

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 record and proceed with your testimony.

3 MS. SIERRA: My name is Susan Sierra.
4 I'm the policy coordinator for the Philadelphia
5 association of CDCs and I want to thank you, Madam
6 President, and other Council members for the
7 opportunity to testify. I will be brief,
8 particularly given the lateness of the hour.

9 As has been discussed, this ordinance
10 transfers the entire 50 million NTI acquisition
11 budget to the first year of NTI and the Philadelphia
12 association of CDCs which represents 80 CDCs and
13 other organizations that are working in
14 neighborhoods to revitalize those neighborhoods
15 certainly supports the increase in funds for
16 property acquisition this year. However, we also
17 believe that there is going to be a definite ongoing
18 need for the City to continue to acquire vacant
19 property in years 2, 3, 4 and 5 of NTI as well as
20 into the future.

21 As Pat Smith said, assembly and
22 acquisition of land is the starting point for any
23 development or redevelopment that goes on in the
24 City. We definitely support the recycling of
25 acquisition funds as has been discussed and are glad

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2 that that is going to be going forward, but we are
3 concerned that recycling of acquisition funds alone
4 won't be sufficient either to meet the City's need
5 for acquisitions in the future or to meet the City's
6 need for redevelopment. Just based on the figures
7 that have been given, there is clearly a diminishing
8 rate of return. If \$44 million is being spent on
9 acquisition this first year, next year the City
10 expects to get, as best case, 45 percent of that
11 back and 45 percent of that back in future years.
12 We are looking at \$20 million for acquisition next
13 year, 9 million in year 3, less than 4 million in
14 year 4, less than 2 million in year 5 and there is
15 clearly going to continue to be a need for assisted
16 condemnation and for property acquisition into the
17 future.

18 Without this funding, the redevelopment
19 of many City neighborhoods will stall and the City
20 is also going to be risking the loss of
21 opportunities to leverage a great many millions of
22 dollars in outside funding such as low-income
23 housing tax credits and the home ownership choice
24 program.

25 In addition, eliminating funds for

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2 acquisition in future years is going to lead to a
3 significant loss of capacity among Philadelphia CDCs
4 and will lead to in the end missed opportunities to
5 stabilize prior investment in neighborhoods and to
6 revitalize our City. We therefore believe there
7 needs to be a predictable stream of revenue beyond
8 recycled funds to support property acquisition into
9 the future including funds earmarked for CDC
10 projects and we would like to urge the Mayor and
11 Council to move as quickly as possible to address
12 the issue of acquisition funding in future years and
13 to allocate sufficient funds to meet this crucial
14 need for our city. Thank you.

15 COUNCIL PRESIDENT VERNA: Thank you very
16 much. Are there any questions from members of the
17 committee?

18 Thank you so much for your patience.

19 Debra, I want to ask a question if I
20 may. I'm very interested in properties being
21 rehabbed. Will those monies come out of OHCD's
22 budget? I don't think we have to demolish every
23 vacant structure in the city.

24 MS. MCCULLICK: I'm sorry. I just want
25 to make sure I understand the question about rehab.

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2 COUNCIL PRESIDENT Verna: Rehab. As I
3 said, there are properties that in my opinion
4 necessarily do not have to be demolished. Are there
5 dollars in OHCD's budget for rehab of properties,
6 vacant properties?

7 MS. MCCULLICK: There is our regular
8 budget that has specific programs that include
9 rehab. There is not just a general line item for
10 rehab of, if you will, any vacant property. Part of
11 the consolidated plan which includes the NTI budget
12 and the community development block grant budget
13 includes, for example, the budget for encapsulating
14 properties. It includes program budgets like the
15 home ownership rehab program, which rehabs vacant
16 structures. It includes the Home Start program
17 budget which rehabs vacant houses through that
18 specific program.

19 So in the specific case of what Susan
20 was talking about with the CDCs, we work with the
21 CDCs. When they identify projects and properties,
22 they go through our process and in some cases those
23 are funded, the rehab is funded through OHCD, but
24 there is not just a separate line item for rehab
25 that isn't connected to a program.

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2 COUNCIL PRESIDENT VERA: Okay. Thank
3 you.

4 Our next witness is Judith Robinson from
5 the Strawberry Mansion Civic Association.

6 MS. ROBINSON: Good afternoon.

7 COUNCIL PRESIDENT VERA: Thank you for
8 your patience. Please identify yourself for the
9 record.

10 MS. ROBINSON: Judith Robinson,
11 Strawberry Mansion Civic Association, and I'm
12 specifically here today to talk about community
13 participation, which is very important. Over the
14 years, as I have seen amendments to OHCD's budget
15 printed in the newspaper, I have always responded.
16 So, therefore, this is no different.

17 With NTI having amendments so soon, I'm
18 just concerned that the community is not aware of
19 the changes and I wanted to know what kind of
20 outreach has been made to make sure that these
21 changes, whatever they may be, that the community is
22 aware of them. I find just from looking at other
23 amendments in the past that if maybe there was more
24 thorough planning, maybe a lot of these amendments
25 would not have to be made. I'm just concerned that

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2 these things are done after like a formal process,
3 then money is changed or redirected after the formal
4 process, and I'm kind of glad to know that that can
5 be done because I have some suggestions where maybe
6 money would be reallocated, increased in one area,
7 reduced in others.

8 The CLIP program should be throughout
9 the city. There is no community in Philadelphia
10 that could not use the CLIP program. So I would
11 hope that, if expanded, maybe you could tweak it for
12 various other areas as to what is happening in the
13 Third District, but it definitely is needed
14 throughout the whole community.

15 In addition, I know predatory lending
16 package has not been -- the details have not been
17 revealed, but that is another area where there is
18 definitely more need, so if money can be or
19 amendments can be made and money can be increased or
20 decreased, then that is an area that certainly can
21 warrant some increase.

22 Regarding acquisition of property, of
23 this land, I contend that marketing of this land
24 should be happening now since in the Fifth District
25 a large -- many parcels I should say of land has

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2 been acquired or is in the process of being
3 acquired, so since we know that, why can't that land
4 be in the process of being marketed now?

5 The last time I checked there were about
6 13 steps. There was an article in the Inquirer that
7 had 13 steps to dispose of a vacant lot and just
8 with my background I was able to combine it into a
9 five-step process because it was redundancy. First
10 they went to RDA and got information and then they
11 went back to L & I and got some other information.
12 All of that could have been done at one swoop. So I
13 was able to reduce that to five steps. If we are
14 going to kind of get out of this muck and mire and
15 all of this red tape, I think we need to reduce some
16 of those processes.

17 I'm very much concerned about emergency
18 demolition. I see where there has not been an
19 increase in funding for that. I'm concerned because
20 in Strawberry Mansion we over the summer had many
21 meetings and workshops and the communities were very
22 concerned that they were not a part of the planning
23 prior to demolition, so I want to make sure that
24 this emergency demolition is not a way to get around
25 a process, and I'm not thinking of snakes in the

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2 woods somewhere, but I'm talking about just people
3 wanting to move forward with demolition because
4 that's where the money was supposed to be spent and
5 don't want to really have to deal with the hassle of
6 the community participation part.

7 So I would like to know if there could
8 be documentation of this emergency situation as it
9 relates to demolition? Because I have seen an
10 increase in value. So I'm concerned about that. I
11 want to make sure that properties that are being
12 considered emergency demo are in fact in such a
13 condition and it can be documented, that we should
14 be able to find that out. We all should be on the
15 same page and say, yes, this is definitely an
16 emergency situation.

17 Encapsulation. My councilman asked
18 about a process to reduce the cost of rehab and I
19 know for a fact if properties -- some of these
20 properties were just cleaned up and maybe have a
21 roof put on them, maybe some basic systems put in,
22 that they could qualify through FHA 203-K program.
23 That's where a buyer goes out and gets their own
24 mortgage and there is also money for repairs in that
25 mortgage.

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2 A substantial number of these properties
3 could make it through that process where the City
4 doesn't have to spend money to subsidize the whole
5 process. If they could just get in, do some early
6 intervention and encapsulate, they could certainly
7 go on the market for a 203-K process.

8 In addition, the wrap-up insurance I
9 thought was supposed to be to help smaller
10 contractors that really couldn't afford this
11 insurance, but what I'm finding now per an article
12 in last week's paper is that the specs have
13 eliminated, the new specifications have eliminated
14 contractors even applying, so I'm a little
15 concerned. I would respectfully request that you
16 all look closely at how this money is being spent
17 for insurance when the people or the contractors
18 that were supposed to help are not applying.

19 I'm concerned about African-American
20 contractors participating. That is very important
21 to me, especially when you see the cost of one house
22 to be demolished. Overall cost is 14,000 per house.
23 So I'm really concerned that the specifications put
24 in place are excluding when we are requesting
25 inclusion.

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2 I thank you very much for your time and
3 attention.

4 COUNCIL PRESIDENT Verna: You're
5 welcome.

6 Any questions or comments from members
7 of the committee?

8 (No response.)

9 COUNCIL PRESIDENT Verna: Miss Smith, I
10 would suggest that you at the end of the meeting, if
11 you wouldn't mind sitting down with Miss Robinson to
12 go over some of her concerns, please?

13 MS. SMITH: Yes.

14 COUNCIL PRESIDENT Verna: Thank you very
15 much.

16 Do we have anyone else to testify on
17 this resolution?

18 Mr. Rothstein, I'm sorry to hear that
19 you are leaving City administration. I want to
20 publicly thank you for being such a great asset. We
21 really appreciate it and hope that your future
22 endeavors will be very successful.

23 MR. ROTHSTEIN: Thank you.

24 COUNCIL PRESIDENT Verna: Thank you.

25 This committee will stand in recess

1 12/6/02 - NTI FY '03 Program Statement and Budget
2 until Thursday, December 19 at 9:00 a.m.
3 (The hearing adjourned at 2:10 p.m.)

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2 I N D E X

3

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2 CERTIFICATE

3 I HEREBY CERTIFY that the foregoing
4 proceedings of the Committee of the Whole of the
5 Council of the City of Philadelphia of December
6 16, 2002, were reported fully and accurately by
7 me, and that this is a correct transcript of
8 same.

9

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14 _____
Cynthia A. Whyte, RPR

15

16

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