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COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING AND PUBLIC MEETING
BEFORE COUNCIL COMMITTEE ON RULES

- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, May 16, 2000
10:25 a.m.
- - -

BILL 000150 - Held at request of sponsor

BILL 000216 - Approving the redevelopment proposal
of the Redevelopment Authority of the City of
Philadelphia for the redevelopment of a portion of
the Germantown Redevelopment Area Wister III Urban
Renewal Area. . .

PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
COUNCILMAN JAMES F. KENNEY, Vice Chair
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN FRANK DICICCO
COUNCILMAN W. THACHER LONGSTRETH
COUNCILMAN MICHAEL A. NUTTER

- - -

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1 5/16/00 - RULES - BILL 000216

2 I N D E X

3 Page

4 * Herbert Wetzel, Executive Director. 5
5 Philadelphia Redevelopment Authority

6 * Stephen Kazanjian, Executive Director 7
7 Greater Germantown Housing Development Corp.

8 (*Also submitted attached written testimony.)

9

10 Other Attached Written Testimony By:

- 11 - State Senator Allyson Schwartz
12 - State Representative John Myers
13 - Geneva Lankford-Blanks, President
14 Wister Neighborhood Council
15 - Patrician M. LeGrand, Director
16 Lower Germantown Community Rebuilding
17 Project/RCI
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2 P R O C E E D I N G S

3 COUNCIL PRESIDENT VERNA: Good

4 morning. This is the public hearing of the
5 Committee on Rules. I would ask the clerk to
6 please read the title of Bill No. 150.

7 THE CLERK: An ordinance amending
8 Chapter 9-601 of the Philadelphia Code, entitled
9 "Garages, Parking Lots, Sales Lots and Sales
10 Showrooms," be adding a definition for "automated
11 parking garages" and restricting the operation and
12 maintenance of said automated parking garage to
13 within 300 feet of any residentially zoned
14 property, all under certain terms and conditions.

15 COUNCIL PRESIDENT VERNA: This bill
16 will be held until the call of the Chair, at the
17 request of the sponsor.

18 Would you read the title of Bill No.
19 216, please.

20 THE CLERK: An ordinance approving the
21 redevelopment proposal of the Redevelopment
22 Authority of the City of Philadelphia for the
23 redevelopment of a portion of the Germantown
24 Redevelopment Area Wister III Urban Renewal Area,
25 being the area generally bounded by Wakefield

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2 Street and Baynton Street, between Wister Street
3 and Shedaker Street on the north, Shedaker Street
4 and Logan Street on the east, Green Street on the
5 south, and Queen Lane and Bringham Street,
6 between Germantown Avenue and Wakefield Street on
7 the west; approving the urban renewal plan and
8 determining that such plan and redevelopment
9 proposal conform to the general locality plan and
10 made adequate provisions for individuals, business
11 concerns, and families who are displaced;
12 determining the necessity for change in and for
13 zoning, streets, alleys, public ways, streets
14 patterns, location and relocation of public
15 utilities; determining that the urban renewal plan
16 and redevelopment proposal prohibits
17 discrimination because of race, color, creed, sex,
18 sexual orientation, national origin, ancestry, or
19 handicap; declaring that the condemnation is not
20 imminent with respect to the Project, except as
21 otherwise expressly provided for in the proposal;
22 and declaring the redevelopment undertakings in
23 the Project to be an important part of the City's
24 program to remove and prevent the spread of urban
25 blight.

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2 COUNCIL PRESIDENT VERNA: Mr. Wetzel?

3 (Witness comes forward.)

4 COUNCIL PRESIDENT VERNA: Good

5 morning. Kindly identify yourself for the record
6 and proceed with your testimony.

7 MR. WETZEL: Good morning. My name is
8 Herbert Wetzel, and I'm the Executive Director of
9 the Philadelphia Redevelopment Authority.

10 Madam Chairperson and members of the
11 Committee on Rules, I'm Herbert Wetzel, Executive
12 Director of the Redevelopment Authority of the
13 City of Philadelphia. I am here today to speak in
14 support of Bill No. 216, which is the third
15 amendment to the Germantown redevelopment proposal
16 urban renewal plan.

17 This bill would authorize the
18 Redevelopment Authority to acquire a total of 13
19 properties, 7 vacant and vandalized structures,
20 and 6 abandoned lots. The purpose is to eliminate
21 blight in the area as part of the Greater
22 Germantown Housing Development Corporation's
23 second phase of Living in Neighborhood Kinship
24 Project, or otherwise known as "Link II." The
25 properties to be acquired will be developed

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2 through a combination of new construction and
3 rehabilitation into affordable housing for low-
4 and moderate-income families.

5 The Link II Project is a development
6 undertaken by Greater Germantown Housing
7 Development Corporation (GGHDC), which will build
8 7 new homes and substantially rehabilitate 6
9 properties for sale, again, to low- and moderate-
10 income families. These will be first-time
11 homeowners. The acquisition of the thirteen
12 properties will require one demolition, and since
13 all of the properties are vacant, this development
14 will require no relocation.

15 Madam Chairperson and members on the
16 Committee on Rules, on behalf of the Redevelopment
17 Authority, I respectfully urge your favorable
18 consideration of Bill No. 216. I would also like
19 to formally request a suspension of Council rules,
20 which would allow the first reading of this bill
21 at your next session, on May 23, 2000.

22 COUNCIL PRESIDENT VERA: Mr. Wetzel, I
23 am sure that there have been community meetings
24 regarding this matter?

25 MR. WETZEL: Yes. And the Greater

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2 Germantown Housing Development Corporation is here
3 represented today, and I think they can speak to
4 that matter as well as their work with the Wister
5 Neighborhood Council, which is the local civic
6 association that would cover this area.

7 COUNCIL PRESIDENT VERNA: All right.

8 Are there questions from members of
9 committee?

10 (No questions.)

11 COUNCIL PRESIDENT VERNA: Mr. Wetzel,
12 would you call the witnesses, please.

13 (Witness comes forward.)

14 COUNCIL PRESIDENT VERNA: Good morning,
15 sir. Kindly identify yourself for the record.

16 MR. KAZANJIAN: Good morning. My name
17 is Stephen Kazanjian. I'm the Executive Director
18 of Greater Germantown Housing Development
19 Corporation.

20 Madam Chair, I brought copies of my
21 testimony as well as some attachments for members
22 of the committee.

23 COUNCIL PRESIDENT VERNA: Thank you.

24 Please proceed, sir.

25 MR. KAZANJIAN: Thank you, Madam Chair.

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2 I am here today to testify on behalf of
3 GGHDC, Greater Germantown Housing Development
4 Corporation, with regard to the proposed Wister
5 III urban renewal taking. The properties included
6 in the proposed urban renewal taking have long
7 been vacant, blighting influences on the
8 surrounding community.

9 Our research has indicated that all the
10 owners are nowhere to be found and do not care
11 about the physical condition of the properties.
12 In addition, the real-estate taxes on these
13 properties have not been paid to the City for
14 several years. For GGHDC and the residents who
15 live in our target neighborhood, however, these
16 properties are instrumental in furthering a
17 comprehensive approach to the revitalization of
18 the community.

19 In the areas surrounding these
20 properties, GGHDC has already invested over
21 \$10 million in federal, state, City, and private
22 dollars to begin redeveloping the community.
23 Since the late 1970s, GGHDC has developed a
24 20,000-square-foot shopping center, known as
25 "Freedom Square," 47 units of elderly housing,

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2 over 50 units of affordable family-style housing,
3 and 30 units of home ownership housing, all within
4 a 4-block radius of the proposed properties.

5 Our strategy for the development of the
6 properties included in the Wister III urban
7 renewal taking is to renovate the vacant houses
8 into affordable housing for new home ownership in
9 the community. All of the renovations will be
10 according to RDA specifications, and the houses
11 will be sold to low- to moderate-income
12 individuals and families. The vacant lots will be
13 developed with new construction home ownership
14 twin housing, and a copy of the proposed design of
15 the new houses is attached to the testimony
16 included in the packet, as you can see.

17 These new houses will also be sold to
18 low- to moderate-income households. Our goal is
19 to encourage the existing residents to become
20 invested in the community by purchasing homes in
21 the area as well as to entice new homeowners to
22 the neighborhood. By removing this blight and
23 improving the community, GGHDC is confident that
24 we will see an increase in property values and an
25 increase in the amount of private investment in

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2 the community.

3 The benefits to the City will be found
4 in increased real-estate tax revenue, as well as a
5 stabilized resident base. In addition, the
6 construction of the project will create jobs and
7 increase wage and sales tax revenue to the City.

8 In the immediate area surrounding the
9 Wister III urban renewal taking, GGHDC has been
10 funded by the Pew Charitable Trusts/Target
11 Neighborhood Initiative to implement a
12 comprehensive revitalization strategy. GGHDC is
13 currently developing 10 new construction twin
14 houses and 12 rehabilitated homes for first-time
15 home buyers. These houses are being funded by the
16 Office of Housing through various programs,
17 including subsidy funds raised in conjunction with
18 YouthBuild Philadelphia Charter School. GGHDC has
19 also secured \$4 million to convert a vacant
20 factory building in this area into 40 units of new
21 rental housing for elderly individuals. In
22 addition, GGHDC is working to strengthen the
23 commercial corridor along Germantown Avenue with
24 new business development, renovation of new
25 storefronts, new apartments, and facade

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2 improvements.

3 Attached to this testimony is also a
4 color-coded map that indicates all of the
5 development activity that GGHDC is proposing in
6 the immediate area. This map shows the level of
7 activity and the importance of the Wister III
8 urban renewal taken as a next step to creating a
9 critical mass of stability.

10 All of these developments are part of
11 GGHDC's comprehensive strategy to stabilize the
12 community in Lower Germantown.

13 GGHDC is well-positioned to take on the
14 work involved in redevelopment of these sites.
15 Since our inception in 1977, GGHDC has
16 successfully developed over 400 units of rental
17 housing and over 130 units of home ownership
18 housing in the entire Germantown community. We
19 now have over 60 units of home ownership housing
20 and 48 units of rental housing that are under
21 development in Germantown. In addition, we have
22 completed the development of over 60,000 square
23 feet of commercial space, and we are under
24 development with an additional 40,000 square feet
25 of commercial space.

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2 GGHDC has, over the years, developed
3 the capacity to take on large-scale development as
4 well as multiple small projects and initiatives.
5 We are one of the City's largest producers of
6 affordable home ownership housing, and recently we
7 were named in the Philadelphia Inquirer
8 surrounding the success of our home ownership
9 program. Our houses range in price from as low as
10 \$30,000 to as high as \$108,000, creating a diverse
11 portfolio of products available to people of
12 various income brackets.

13 GGHDC has the support of the Wister
14 Neighborhood Council, a very active community
15 voice in the neighborhood in favor of the proposed
16 Wister III urban renewal taking. The Wister
17 Neighborhood Council has worked with GGHDC to
18 identify many of the vacant properties that are on
19 the list.

20 In addition, State Representative Myers
21 and State Senator Allyson Schwartz have provided
22 GGHDC with their support, as have the members of
23 the Germantown Community Collaborative Board, a
24 government structure that is working with GGHDC to
25 stimulate community revitalization in the

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2 Germantown neighborhood. We have also worked
3 closely with the office of Councilwoman Miller to
4 solicit her involvement with this project, and we
5 have valued her guidance throughout this process.
6 There are letters of support in the package from
7 State Senator Allyson Schwartz, State
8 Representative John Myers, the Wister Neighborhood
9 Council, and the Germantown Community
10 Collaborative Board.

11 As practitioner of community
12 development for the past five years, I am thrilled
13 to see the new administration's emphasis on blight
14 elimination and revitalization of our urban
15 neighborhoods. Working in Germantown, I have
16 realized how important and strategic this
17 neighborhood is to the overall health and vitality
18 of the northwest section of the City. Located at
19 the vortex of northwest Philadelphia, Germantown
20 is surrounded by various stable, desirable
21 neighborhoods such as East Falls, Roxborough,
22 Manayunk, Mt. Airy, and Chestnut Hill.

23 If we allow blight and deterioration to
24 continue in Germantown, one can only ask the
25 question, how long before that blight seeps into

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2 other stable neighborhoods? If we are able to
3 stabilize Germantown, however, we are able to
4 solidify an entire base of the City, which can
5 effectively compete with the outlying suburbs for
6 residences and businesses. Given the historic
7 character of the Germantown neighborhood, there is
8 a treasured resource here that is a natural draw
9 for residents and visitors. We need to get
10 properties like the ones included in the Wister
11 III urban renewal taking out of the hands of
12 absentee owners and back into the productive hands
13 of taxpaying home owners.

14 I hope that the members of the
15 Committee on Rules and City Council will approve
16 the Wister III urban renewal taking and allow
17 GGHDC to take ownership of these properties so
18 that they can be redeveloped and put back into
19 productive use.

20 Thank you for your time and
21 consideration.

22 COUNCIL PRESIDENT Verna: Thank you for
23 your testimony.

24 Despite the fact that Councilwoman
25 Miller was unable to be in attendance this

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2 morning, she did say that she was very supportive
3 of this particular ordinance.

4 Are there any questions from members of
5 the committee?

6 The Chair recognizes Councilman Clarke.

7 COUNCILMAN CLARKE: Thank you, Madam
8 Chair. Good morning.

9 I had a question about the wide scale
10 of housing costs that you're selling, 30,000 to
11 108,000. What's the median income for the upper
12 end of the scale?

13 MR. KAZANJIAN: We have different
14 programs that target different populations. Most
15 of our houses are sold to households whose incomes
16 are below 80 percent of median income, but we do
17 have one program that is being targeted to
18 households whose income is below 120 percent of
19 median income. And for the first time in GGHDC's
20 history, we sold a home without subsidy: that was
21 a house for \$108,000, and that was sold to
22 somebody whose income was around \$60,000.

23 So we are diversifying the income base
24 of the population, as well.

25 COUNCILMAN CLARKE: What type of

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2 financing did you use for the upper income?

3 MR. KAZANJIAN: That was all
4 conventional financing.

5 COUNCILMAN CLARKE: There was no
6 federal assistance at all?

7 MR. KAZANJIAN: None.

8 COUNCILMAN CLARKE: Oh, okay. Mr.
9 Wetzel, do you know of any programs that will
10 allow above the traditional 80 percent of median
11 income home purchasers?

12 MR. WETZEL: The only program was one
13 funded by the previous administration with
14 Economic Stimulus Funds that provided a \$25,000
15 subsidy, similar to the program that the
16 Redevelopment Authority runs, called the "HRP
17 Program." But the 25,000 per unit did not have
18 the same income that capped 80 percent of median.
19 But, again, that was essentially local funding
20 that allowed for the income criteria to be
21 established by the City.

22 But right now, all the federal programs
23 are capped at 80 percent of median.

24 COUNCILMAN CLARKE: In the home
25 ownership zone, were we able to get a waiver?

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2 MR. WETZEL: Yes. There's a percentage
3 of the households -- I don't know the exact
4 percent, but a percent of the units that are sold
5 in the home ownership zone can be sold to persons,
6 I believe, up to 120 percent of median. And that
7 was only because it was a home ownership zone and
8 that the City asked for the waiver from the
9 federal government.

10 COUNCILMAN CLARKE: In my
11 understanding, that was a relatively successful
12 program as it relates to attracting 120 percent --

13 MR. WETZEL: Yes.

14 COUNCILMAN CLARKE: Actually some
15 people above 120 percent?

16 MR. WETZEL: Yeah. I think one of the
17 problems is, some of our home ownership programs
18 right now attract a number of individuals who are
19 above 80 percent of median, and which we have to
20 turn them down. I mean, I think Ludlow is an
21 example where a number of the applicants for the
22 new-construction homes in Ludlow were over 80
23 percent of median income and were denied
24 essentially the opportunity to purchase a house.

25 And I just noticed that in -- the House

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2 in Washington just passed legislation recently,
3 and I don't know where it in the Senate, that
4 allows for the CDBG in home dollars to go up to
5 115 percent of median income. However, it appears
6 that it's restricted to uniformed employees of a
7 municipality or school teachers. And it would be
8 nice if they just simply lifted that cap to 115
9 percent of median for anyone who's willing to buy
10 a home that's subsidized with these funds. And
11 maybe we ought to take a look at how we might talk
12 to our congressional delegation about amending
13 that.

14 So for the first time, the CDBG and
15 home rates will change if this bill passes the
16 Senate and is signed by the President, which
17 allows up to 115, but it appears that it's for a
18 categorical group of individuals rather than
19 across the board. But the door is open for the
20 first time; it's the first time any consideration
21 has been given above 80 percent, and maybe it can
22 be expanded.

23 COUNCILMAN CLARKE: And with kind of
24 timeframe do we have?

25 MR. WETZEL: I don't know. I mean, I

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2 just saw it yesterday in a newsletter I got from a
3 national organization that indicated that. And
4 what's interesting is -- and I'll get a copy of
5 that and share it with whomever on Council would
6 like. It also indicates that in certain cases,
7 that the municipality could, in high-cost areas --
8 and I don't know what they mean by "high-cost,"
9 either high cost of the house or high cost to
10 produce the house, it's unclear -- that the local
11 municipality could up to 150 percent or median.

12 But, again, I'm not sure. It appears
13 that it's categorically restricted to municipal
14 employees who are either uniformed or school
15 teachers, and I think it would be very interesting
16 to broaden that. And if you would like, I'll get
17 a copy faxed to you.

18 COUNCILMAN CLARKE: Yeah. I'm very
19 interested in that, as I think other members of
20 Council are.

21 In any event, if we were able to do
22 that, could we also increase the sales price, thus
23 decreasing the level of the subsidy that will be
24 required by the City?

25 MR. WETZEL: No. The sales price is

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2 more determined by the appraised value than the
3 subsidy amount. I mean, in some cities, the
4 subsidy is used to lower the price of the property
5 in order for -- to make it affordable. In the
6 case here, most of the time, the subsidy is used
7 to make up the difference between what it costs to
8 build it and what we can sell it for.

9 But I think West Poplar is an example
10 where the first phase started out at a \$45,000
11 sale price, and by the third phase, they're now at
12 \$65,000, so that there is clear evidence that as
13 you keep building, the value of every property in
14 that neighborhood continues to go up.

15 COUNCILMAN CLARKE: Okay.

16 MR. WETZEL: And by the way, that's HR
17 Bill 1776, and I would be glad to provide you and
18 anyone else on Council a copy of the newsletter
19 that I got about it.

20 COUNCILMAN CLARKE: Thank you.

21 MR. WETZEL: It could be important.

22 COUNCIL PRESIDENT VERNA: I think we're
23 all interested in that, so if you would send it to
24 the members of Council, I'd appreciate that.

25 MR. WETZEL: Fine. Will do.

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2 COUNCIL PRESIDENT Verna: Thank you.

3 COUNCILMAN CLARKE: Thank you, Madam
4 Chair.

5 COUNCIL PRESIDENT Verna: You're
6 welcome.

7 The Chair recognizes Councilman Kenney.

8 COUNCILMAN KENNEY: Thank you, Madam
9 Chair. Good morning.

10 What is the median income now for
11 Philadelphia under these programs?

12 MR. WETZEL: I can't tell you what the
13 median is, but 80 percent of median for a family
14 of 4 is about 46,000.

15 COUNCILMAN KENNEY: And it varies,
16 based on the number of people in the household?

17 MR. WETZEL: Number of people in the
18 household.

19 COUNCILMAN KENNEY: So the average
20 person that you're attracting in this particular
21 program, or this particular project, would be a
22 family of 4 making 40,000 or less?

23 MR. WETZEL: About -- it's just close
24 to 46,000 now for a family of 4.

25 COUNCILMAN KENNEY: In this particular

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2 development, it looks as if there are nine
3 properties that are being taken?

4 MR. WETZEL: Well, yeah, but some of
5 them are adjacent -- like you see 21 and 23.

6 COUNCILMAN KENNEY: I see, okay.

7 MR. WETZEL: So that's really two. The
8 total package is --

9 COUNCILMAN KENNEY: How many properties
10 total?

11 MR. WETZEL: There's 13.

12 COUNCILMAN KENNEY: And are there any
13 other properties involved in the development in
14 addition to the taken properties?

15 MR. KAZANJIAN: Yes, there are. If you
16 look in your packet on the color-coded map, you'll
17 see that the Wister III urban renewal taking is in
18 green. However, there are properties that are in
19 red, some of which GGHDC already owns, especially
20 on the upper half of the map, some of which are
21 also owned by the City of Philadelphia, which we
22 are going to combine with these properties to
23 include in the proposed redevelopment.

24 COUNCILMAN KENNEY: What is the total
25 number of properties.

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2 MR. KAZANJIAN: There's a total of
3 about 20 properties.

4 COUNCILMAN KENNEY: In these
5 properties, the proposal is to have them
6 rehabilitated or new construction?

7 MR. KAZANJIAN: Well, there's -- it's
8 both, rehabilitation and new construction.

9 COUNCILMAN KENNEY: Okay. The houses
10 to be rehabilitated, what is the average cost of
11 the rehabilitation; do you have any idea at this
12 point?

13 MR. KAZANJIAN: It actually ranges.
14 Unfortunately, it's hard to determine because some
15 of the properties which aren't terribly
16 deteriorated we'll rehabilitate with the City's
17 HRP Program. And those properties typically costs
18 us about 75 to \$85,000 to rehabilitate.

19 COUNCILMAN KENNEY: To rehabilitate.
20 How about the properties that are -- what
21 condition is a property determined that it would
22 be better to tear it down and build new than it
23 would be to rehabilitate?

24 MR. KAZANJIAN: Typically, it's
25 determined to tear it down if there's no historic

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2 significance to it, if it's not attached to other
3 properties, and if the development costs of it are
4 more than \$70,000 in excess of the value.

5 COUNCILMAN KENNEY: How many properties
6 are being developed of construction?

7 MR. KAZANJIAN: Right now, there's
8 about -- in the proposed urban renewal taking,
9 there's 7 of them that are going to be new
10 construction. However, we're combining that with
11 some vacant lands that we already own, and so
12 there will be about 12 new-construction houses.

13 COUNCILMAN KENNEY: And what's the
14 average cost of the newly constructed homes?

15 MR. KAZANJIAN: About \$125,000 per
16 unit.

17 COUNCILMAN KENNEY: Per unit.

18 MR. KAZANJIAN: Mm-hmm.

19 COUNCILMAN KENNEY: And I would say
20 it's probably 75 or \$80,000 per unit for the
21 rehabs, generally, or --

22 MR. KAZANJIAN: Probably a little bit
23 more than that in some of these cases. In some of
24 these cases, the rehabs will be about \$100,000 per
25 unit because of the extent of the deterioration.

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2 COUNCILMAN KENNEY: I just want to ask
3 this question generally, not directed specifically
4 at this project, 'cause I have this question for
5 most of the projects that come through here in
6 this regard. And that is, the average, I guess,
7 working family in Philadelphia's house isn't worth
8 \$120,000, and I'm just wondering how we justify
9 the new construction of a \$125,000 house if the
10 average working Philadelphian couldn't afford it
11 anyway.

12 MR. KAZANJIAN: Well, this is why we
13 need subsidy funding to do most of the development
14 work. However, one of the things that we're
15 trying to do in Germantown is push the values of
16 the houses up so that we are relying less on
17 subsidy funding.

18 And I gave you the example of the
19 \$108,000 house to Councilman Clarke; that house
20 was originally appraised at \$80,000 before we went
21 to construction. We used a City program called
22 the "HIP Program," which allowed us to sell it to
23 a family who's up to 120 percent of median income.
24 Someone came along and wanted to buy one of the
25 houses and they didn't qualify, and they actually

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2 paid \$108,000 for that house, and the house
3 appraised post-construction at \$108,000, so the
4 bank was able to finance that.

5 COUNCILMAN KENNEY: Okay.

6 Mr. Wetzel, are you aware of any
7 programs in either the RDA or OHCD that is making
8 some attempt to retain some of the people who are
9 fleeing the City into neighborhoods like
10 Washington Township, New Jersey, and Delaware
11 County that are buying single-family tract houses
12 for 120 to \$140,000 that do not meet the
13 median-income requirements and, therefore, are
14 frozen out in many ways for these subsidies, find
15 both tax relief and educational-expense relief in
16 surrounding communities outside of Philadelphia.

17 Is there any -- and I've asked this
18 question of John Kromer and it doesn't seem to get
19 an answer that's satisfactory, and if you don't
20 know of any programs, then that's fine too. But
21 there seems to be great effort to deal with low-
22 and moderate-income housing development, which is
23 admirable and, I think, is needed in the City, but
24 there is very little, if any, efforts to retain
25 the families who can afford to buy outright a 120,

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2 140, \$150,000 home that are looking for those
3 properties outside the City of Philadelphia.

4 MR. WETZEL: I think your question is
5 the fundamental question that all of us are
6 asking, and that is -- you know, there's two
7 issues that cause people to leave: one is the
8 housing the type and the other is that people
9 leave to educate their children, and they believe
10 that the suburban schools either in Pennsylvania
11 or New Jersey are better, and they make that
12 conscious decision.

13 I think where we're sort of hamstrung
14 is with the issue I was talking previously about,
15 which is that the subsidy is limited to a targeted
16 group of 80 percent of median or less. And yet,
17 at the same time, HUD and the federal government
18 have encouraged the concept of creating mixed-
19 income communities. Well, if you take a
20 neighborhood and you have to use subsidies to
21 bring the housing back, you're not creating a
22 mixed-income community, you're essentially
23 creating a community of persons who are 80 percent
24 of median or less.

25 And I think that we need to find some

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2 way to get legislative relief to that particular
3 cap. Yes, a portion of that money, and maybe a
4 significant portion, should still go for
5 affordable housing for low and moderate income,
6 but we can't even use one dime of it, under the
7 current regulations, to help anyone who makes over
8 80 percent of median. And it's sort of sad. Some
9 of the people that are being turned away, you
10 know, are making a lot more, they're making 50,000
11 a year or \$55,000 a year as a family of 4. We
12 cannot help them, under the current regulations.

13 And I'm going to share that newsletter
14 on HR 1776 with you. I think we ought to find a
15 way to allow that a portion of the funding to that
16 comes up from the federal government to do just
17 that.

18 COUNCILMAN KENNEY: Yeah, and I don't
19 mean in any way to denigrate this project -- I
20 think it's a terrific project. And I agree with
21 you that Germantown needs to be stabilized in an
22 effort to maintain the stability that exists
23 around Germantown, and it's a great neighborhood.
24 And we have a responsibility, I think, as a city
25 and as a government to house as many people as

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2 possible in a decent way.

3 I guess part of my concern is the
4 balance when we have young families who could --
5 you know, would not qualify for these programs
6 that are looking to move up in housing stock and
7 then wind up being pushed into communities outside
8 of the City, even though they didn't want to be in
9 the first place. So I guess your comments are
10 germane to this in that we've got to find a way to
11 house all of our people and maintain our taxpaying
12 middle class.

13 MR. WETZEL: And we have to an
14 incentive system that offsets the issues of why
15 people are leaving, and to the extent that they
16 could buy a house in the City -- let's -- I don't
17 know what they're paying -- 150 in South Jersey
18 and get an equivalent house in the City for 100,
19 and cost us 120 to build but we wrote it down to
20 100 as an incentive program for people to stay.

21 COUNCILMAN KENNEY: Right.

22 MR. WETZEL: So they may make that
23 decision to stay, in other words, and to save that
24 \$50,000 in terms of their housing cost.

25 COUNCILMAN KENNEY: Okay, thank you.

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2 MR. KAZANJIAN: Madam Chair, my I make
3 a comment on that?

4 COUNCIL PRESIDENT VERNA: Please.

5 MR. KAZANJIAN: Councilman Kenney, in
6 the past administration, Mr. Wetzel referred to
7 program that was funded, called the "HIP Program,"
8 where the City took \$3 million of Economic
9 Stimulus money turned it -- put it into housing,
10 and that money was targeted to families whose
11 incomes are below 120 percent of median income.
12 And it's been a very successful program for
13 various different neighborhoods, of which
14 Germantown is one of them.

15 And my suggestion would actually be to
16 try and find some more Economic Stimulus money for
17 programs similar to the HIP Program.

18 COUNCILMAN KENNEY: Is the point that
19 the diversion of dollars into economic stimulus
20 gets us around the HUD requirements and federal
21 housing requirements on income limitations?

22 MR. KAZANJIAN: Absolutely.

23 COUNCILMAN KENNEY: Okay.

24 MR. WETZEL: But we can't ignore the
25 fact that \$69 million in block grant comes in, and

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2 that is capped. That is a lot of resource. And,
3 again, I think that we got to make sure that we're
4 using it properly for low and moderate income, but
5 it would be very nice to be able to use a portion
6 of that in any development that we're doing to
7 create mixed-income communities.

8 COUNCILMAN KENNEY: Fine, thank you.

9 COUNCIL PRESIDENT VERNA: Thank you.

10 Are there any other questions from
11 members of the committee?

12 (No further questions.)

13 COUNCIL PRESIDENT VERNA: Thank you,
14 sir.

15 Do we have no one else to testify on
16 this bill?

17 (No response.)

18 COUNCIL PRESIDENT VERNA: Seeing none,
19 this will conclude the public hearing.

20 - - -

21 COUNCIL PRESIDENT VERNA: We will now
22 go into our public meeting, and the Chair
23 recognizes Councilman Kenney.

24 COUNCILMAN KENNEY: Madam Chair, I move
25 that Bill No. 216 be reported out of this

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2 committee with a favorable recommendation and a
3 request be made for a rules suspension to allow
4 for first reading at our next Council session.

5 (Duly seconded.)

6 COUNCIL PRESIDENT VERNA: It has been
7 moved and seconded that Bill No. 216 be reported
8 out of committee with a favorable recommendation
9 and also a recommendation that rules of Council be
10 suspended so as to permit first reading at our
11 next session of Council.

12 All those in favor will signify by
13 saying aye.

14 Those opposed?

15 The ayes have it and the motion is
16 carried.

17 This concludes the public meeting of
18 the Committee on Rules. Thank you all very much.

19 (Adjourned at 10:49 a.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Tuesday, May 16 2000, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE ON RULES
BILL NO. 000216

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter