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VOLUME III

3

COUNCIL OF THE CITY OF PHILADELPHIA

4

PUBLIC HEARING - COMMITTEE OF THE WHOLE AND

5

HOUSING, NEIGHBORHOOD DEVELOPMENT AND THE

6

HOMELESS

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Room 400, City Hall

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Philadelphia, Pennsylvania

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Wednesday, June 8, 2005, 4:20 p.m.

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

14

PRESENT:

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COUNCIL PRESIDENT ANNA C. VERNA

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COUNCILWOMAN JANNIE L. BLACKWELL

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COUNCILWOMAN BLONDELL REYNOLDS BROWN

18

COUNCILMAN JAMES F. KENNEY

19

COUNCILMAN JUAN F. RAMOS

20

COUNCILMAN FRANK RIZZO

21

COUNCILMAN FRANK DiCICCO

22

COUNCILWOMAN MARIAN B. TASCO

23

COUNCILMAN MICHAEL A. NUTTER

24

COUNCILMAN BRIAN J. O'NEILL

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1 6/8/05 - Resolution 050388 - Whole and Housing

2 COUNCILWOMAN BLACKWELL: Thank
3 you very much. This will continue the NTI
4 hearing, the resolution. Thank you very much.
5 We thank you all for your patience. It's been
6 a long day.

7 Thank you. This is a continuation
8 of the public hearing. It's the Joint
9 Committees of the Whole and Housing,
10 Neighborhood Development and the Homeless with
11 regard to Resolution 050388 approving the
12 Annual Program Statement and Budget for the
13 expenditure of the Neighborhood Transformation
14 Initiative (NTI) Bond Proceeds for fiscal year
15 '06.

16 Thank you very much, Mr. Hanna, Ms.
17 Smith and Ms. McColloch.

18 Mr. Hanna.

19 MR. HANNA: Good afternoon,
20 Council President, Council Chairwoman. My
21 name is Kevin Hanna. I serve as Secretary of
22 the Office of Housing and Neighborhood
23 Preservation.

24 We have distributed to each of the
25 Councilmembers a couple of things. First of

1 6/8/05 - Resolution 050388 - Whole and Housing
2 all, a cover memo which explains the
3 Administration's proposed amendments to the
4 NTI Program Statement and Budget. I am going
5 to read into the record just a summary of the
6 cover memo, and, again, the details of the --
7 the detailed changes of the Program and
8 Statement Budget are included; in fact, can be
9 found after Page 3, of what's been
10 distributed.

11 As requested by City Council, the
12 Administration agrees to provide additional
13 funding for the following programs: Basic
14 Systems Repair program, an additional \$4
15 million; Homeless Prevention program, an
16 additional \$1 million; and the Retaining Wall
17 Repair initiative of an additional \$500,000.

18 In order to provide the additional
19 \$5.5 million in NTI bonds for the
20 above-described programs as they total, the
21 Administration proposes the following:
22 Trimming 10 percent from each NTI fiscal year
23 end '06 budget item that is \$2 million or
24 more, decreasing fiscal year '06 funding for
25 large building demolitions by an additional

1 6/8/05 - Resolution 050388 - Whole and Housing
2 \$500,000 and decreasing fiscal year '07
3 funding for residential demolition by
4 \$2,340,000.

5 In addition, the Administration
6 proposes adding a balance of the fiscal year
7 '07 funding for demolition to the fiscal year
8 '06 budget, thereby increasing the total
9 available for fiscal year '06 resources for
10 residential demolitions to \$11,659,152.

11 In addition, the Administration took
12 key to several of the concerns voiced by
13 certain Councilmembers relative to the
14 Equitable Development Strategy, the Commercial
15 Corridor Support program and the Homeless
16 Prevention program. As such, the
17 Administration proposes the following changes:
18 In the Equitable Development Strategy, NTI
19 bond funding will be used to write down the
20 interest rates for residential mortgages. The
21 program will be open to first-time home buyers
22 whose incomes do not exceed income guidelines
23 established by the Pennsylvania Housing
24 Finance agency, which is 115 percent of
25 meeting income.

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2 Areas of the City that have the
3 following characteristics will be targeted:
4 Specifically, those with census tracts that
5 have experienced more than a 25 percent
6 appreciation in real estate values since 2001
7 or non-residential areas of the City with
8 large-scale development activities.

9 Regarding Commercial Corridor
10 Support program, the Commercial Corridor
11 Support program will fund a range of eligible
12 activities consistent with the use of
13 tax-exempt government purpose bonds. An RFP
14 process will be used to select commercial
15 corridors. All commercial corridors will be
16 eligible to participate in the RFP process.
17 Again, all commercial corridors will be
18 eligible to participate in the RFP process.

19 Selection criteria will include
20 geographic diversity, ability to leverage
21 resources and community capacity. The Mayor's
22 Office of Neighborhood Transformation will
23 consult with City Council members, economic
24 development agencies on selection criteria and
25 a list of appropriate investments for the

1 6/8/05 - Resolution 050388 - Whole and Housing
2 program.

3 And, finally, regarding the Homeless
4 Prevention program, in fiscal year '06, the
5 Administration, led by the Office of Emergency
6 Shelter and Services, will create a new
7 Homeless Prevention program using NTI bond
8 funds and Housing Trust Fund resources. The
9 program will be guided by the principals
10 outlined in the cover memo. For a more
11 detailed explanation of that, if anyone has
12 any specific questions relative to the
13 Homeless Prevention program, Mr. Hess is here
14 to address those questions.

15 Again, that's a summary anyway of
16 our proposed changes to the program, NTI
17 Program Statement and Budget. If anyone has
18 any questions, we'll certainly be glad to
19 address them.

20 COUNCILWOMAN BLACKWELL:
21 Councilman DiCicco, did you want to be
22 recognized?

23 COUNCILMAN DiCICCO: No.

24 COUNCILWOMAN BLACKWELL: We'll
25 defer to Councilwoman Tasco.

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2 COUNCILWOMAN TASC0: Yes.

3 COUNCILWOMAN BLACKWELL: And
4 we'll come back to you.

5 Councilwoman Tasco.

6 COUNCILWOMAN TASC0: The map on
7 the -- I don't have my original documentation.
8 Is this a different map that you presented to
9 us the other day of the legend that shows the
10 sales price is greater than 25 percent? Is
11 this the same map or a different map?

12 MS. SMITH: It's a different
13 map. The map that we showed the other day
14 also had an overlay of the CDBG eligible
15 census tracks. So that's been taken out. So
16 it just shows areas of the City -- and this is
17 only through 2003. When we update this, it
18 may even be more areas, but through 2003, to
19 give you a sense of the areas of the City
20 where sale prices have appreciated by 25
21 percent or more.

22 COUNCILWOMAN TASC0: So the map
23 that you showed us the other day, which is in
24 red, it says sales price changes greater than
25 25 percent, you showed us that map and --

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2 MS. SMITH: It had three
3 smaller maps at the bottom. That's gone
4 completely now.

5 COUNCILWOMAN TASC0: I don't
6 believe -- and I may not remember. I don't
7 have that map with me here. I'd have to get a
8 copy of it. Why don't I come back to that
9 question while I get my original map. I have
10 some other questions.

11 I'd like to have Ms. Gladstein come
12 and discuss the Commercial Corridor program.

13 I just want to ask you a few
14 questions about this new Commercial Corridor
15 program. Did you attend a meeting in the
16 Commerce Department on May 16th to discuss
17 this plan reorganization?

18 MS. GLADSTEIN: I did meet
19 briefly with members of the Commerce
20 Department in an informal way. I can't
21 remember the exact date. I'm not sure if it
22 was that date.

23 COUNCILWOMAN TASC0: And what
24 was the purpose of the meeting?

25 MS. GLADSTEIN: The purpose of

1 6/8/05 - Resolution 050388 - Whole and Housing
2 the meeting was to tell members of the
3 Commerce Department that there was a planned
4 announcement about the transition of Pat Smith
5 leaving the NTI position, my taking the NTI
6 position and the fact that the next phase of
7 NTI would have a greater focus on commercial
8 corridors.

9 COUNCILWOMAN TASC0: At that
10 time, did you talk about what the
11 reorganization would be?

12 MS. GLADSTEIN: I said at that
13 time that the plan was conceptual, that we
14 wanted staff to be aware before there was a
15 public announcement and that there was no --
16 there were no final decisions made about any
17 particular plan.

18 COUNCILWOMAN TASC0: Are all of
19 the Community Development Block Grant
20 entitlement programs coming out of the
21 Commerce Department going to be placed in the
22 NTI program?

23 MS. GLADSTEIN: No programs are
24 going to be placed into the NTI program per
25 se. NTI, again, is -- my office will, similar

1 6/8/05 - Resolution 050388 - Whole and Housing
2 to Pat's, will be a part of the Mayor's office
3 and so staff and programs will remain within
4 the Commerce Department. What we're looking
5 at is increased coordination between those
6 programs and the Neighborhood Transformation
7 Initiative.

8 COUNCILWOMAN TASCO: Will those
9 staff members who oversee the Community
10 Development Block Grant programs, are they to
11 report to you?

12 MS. GLADSTEIN: We expect that
13 some, if not all, of those staff members will
14 report to me, but there's been no final
15 decision as to that.

16 COUNCILWOMAN TASCO: When
17 Ms. Smith testified the other day, she gave us
18 the impression that you were not that far
19 along in the discussion of what was going to
20 happen with those people in the Commerce
21 Department who oversee these Community
22 Development Block Grant programs.

23 MS. GLADSTEIN: I'm not sure I
24 understand your question.

25 COUNCILWOMAN TASCO: Well, is

1 6/8/05 - Resolution 050388 - Whole and Housing
2 Ms. Smith -- well, she was at the table. I
3 guess I should have asked you. She testified
4 that there was no plan to have those people
5 report to you.

6 MS. GLADSTEIN: I don't recall
7 what Ms. Smith said. As I said, the intent is
8 that some or all of those staff members will
9 report to me, but we haven't made any final
10 decisions on that. When we met with the staff
11 on that day in May, we did discuss the
12 possibility with staff and we did ask staff to
13 basically brief us as to what their
14 responsibilities and workloads are.

15 COUNCILWOMAN TASC0: To your
16 knowledge, have any of the staff members had
17 to present their job descriptions, what they
18 do and has there been any discussion who they
19 will report to other than you?

20 MS. GLADSTEIN: Not to my
21 knowledge. Again, at that meeting, we did ask
22 staff to prepare a brief report as to what
23 their workload is. That request was made by
24 Commerce Director Stephanie Naidoff.

25 COUNCILWOMAN TASC0: Would

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2 staff members -- if they report to you, is it
3 a possibility that you have staff currently in
4 your department that would have the same
5 duties as someone in the Commerce Department
6 now?

7 MS. GLADSTEIN: Would have the
8 same? I'm not sure I understand.

9 COUNCILWOMAN TASC0: I guess
10 I'm saying, are all those people going to
11 report to you and how do they interact with
12 the current staff you have? Is there a
13 possibility that some of those people in the
14 Commerce Department will be let go?

15 MS. GLADSTEIN: I can't vouch
16 for the City budget process overall. The
17 staff asked whether or not the intent was to
18 reduce positions, and the answer is, it is
19 absolutely not the intent to reduce any
20 positions.

21 COUNCILWOMAN TASC0: How will
22 you address the City Council district needs
23 under this plan?

24 MS. GLADSTEIN: Well, as we
25 discussed in writing the strategy and in your

1 6/8/05 - Resolution 050388 - Whole and Housing
2 office, what we plan to do during the summer
3 and part of the reason that we don't have a
4 definitive written plan yet is to meet with
5 members of Council to understand from your
6 point of view how the work on commercial
7 corridors is progressing, what your priorities
8 are, what is working well, what the needs are,
9 what the gaps are, before we end up with any
10 final plan. That's for the overall intent.

11 In terms of -- I wasn't sure if your
12 question related to the Commercial Corridor
13 Support program specifically or not. I can
14 speak a little bit more to that.

15 COUNCILWOMAN TASCO: Well, will
16 the proposal differ -- your plan to coordinate
17 the commercial corridor activity differ from
18 the Community Development Block Grant programs
19 that are run in the Commerce Department now?

20 MS. GLADSTEIN: The
21 Consolidated Plan states what the programs
22 are. It has dollar amounts, it has names of
23 organizations, and we cannot differ from that
24 plan. So we intend that those will go forward
25 as expected.

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2 COUNCILWOMAN TASC0:

3 Considering your experience with the
4 Empowerment Zone, which is funded under the
5 federal Department of Health and Human
6 Services, what is your base of knowledge
7 regarding the HUD-funded Community Development
8 Block Grant program with respect to
9 eligibility requirements for commercial
10 development?

11 MS. GLADSTEIN: I also have
12 experience, as you know, operating a program
13 that received funds from the Community
14 Development Block Grant for many years through
15 the Tenants Action Group. I do not profess to
16 be an expert on that. However, I certainly
17 understand that that is an area, a capacity
18 area, that we have to make sure that we have
19 the capacity to do that work.

20 Obviously the funds come through the
21 Office of Housing and Community Development
22 and they have at their staff level a high
23 degree of ability in that area.

24 COUNCILWOMAN TASC0: At what
25 point do you plan to come to City Council to

1 6/8/05 - Resolution 050388 - Whole and Housing
2 lay out for us the overall organization or
3 reorganization before it's implemented?

4 MS. GLADSTEIN: I hope to be
5 able to arrange a briefing for members of
6 Council, I would say, within the next 30 days,
7 if not less.

8 COUNCILWOMAN TASCO: Thank you,
9 Madam President. No; one more question.
10 I want to go back. Thank you.

11 MS. GLADSTEIN: You're welcome.

12 COUNCILWOMAN TASCO: Thank you.

13 When we got the first map and I'm
14 looking at -- maybe I can try to figure this
15 map out, Pat.

16 The first map you gave us, you had
17 areas -- you had sales price changes greater
18 than 25 percent, and when I looked at my
19 district, there were very few areas where that
20 change was taking place. On your new map, and
21 it certainly is the same throughout the City,
22 the changes and the sales price greater than
23 25 percent is much broader on this new map
24 than you have given to us.

25 MS. SMITH: It's probably the

1 6/8/05 - Resolution 050388 - Whole and Housing
2 heading on this first map. Maybe it's
3 slightly misleading, because it just says 25
4 percent.

5 What we did is, we looked at the
6 CDBG census track, as well as the block groups
7 with sales prices greater than 25 percent,
8 combined those into the third map, which shows
9 the red and the purple together, and then the
10 large map is really a picture of the third
11 group. It probably -- this heading up here in
12 the box probably wasn't the best heading.

13 COUNCILWOMAN TASC0: I see it.

14 MS. SMITH: And then the map
15 that we handed out, we basically eliminated
16 the CDBG-eligible census track, and that
17 middle map is essentially blown up. So
18 probably the area that you can see the biggest
19 difference in change may be like the Northeast
20 where you see in the first map there was very
21 few boxes in red because, as we may know,
22 there are not many areas within that part of
23 the City that were CDBG eligible; whereas, now
24 when you remove that, there are potential
25 areas in that part of the City which would be

1 6/8/05 - Resolution 050388 - Whole and Housing
2 eligible.

3 Another place would be the far
4 Northwest where you didn't see any red before.
5 Now you see it. That's, I think, where you
6 can really see the impact that removing the
7 CDBG-eligible census tracks had.

8 COUNCILWOMAN TASCO: Thank you.
9 I see the legend at the top now.

10 MS. SMITH: And someone else
11 produced that. It probably could have been a
12 little bit clearer. It says "and located in
13 CDBG-eligible census track."

14 COUNCILWOMAN TASCO: That's it.
15 Thank you.

16 I'm done. Thank you.

17 COUNCIL PRESIDENT VERNA: Thank
18 you. Are there any other questions or
19 comments from members of the committee?

20 (No response.)

21 COUNCIL PRESIDENT VERNA: Do
22 you have any questions?

23 COUNCILMAN NUTTER: The
24 amendments are already placed on our desk?

25 MS. SMITH: Yes. They were

1 6/8/05 - Resolution 050388 - Whole and Housing
2 distributed. The guard or the
3 sergeant-at-arms, I believe, placed the
4 amendments on everyone's desk. It's in the
5 smaller -- I think they have smaller clips,
6 the revised ones.

7 COUNCILWOMAN BLACKWELL:
8 Councilwoman Tasco, are you satisfied with
9 your responses?

10 COUNCILWOMAN TASCO: I have
11 responses.

12 COUNCILWOMAN BLACKWELL: Thank
13 you.

14 Are there any further questions?

15 (No response.)

16 COUNCILWOMAN BLACKWELL: This
17 committee and resolution will be reconsidered,
18 finally we hope, on Wednesday, 10:30, June
19 15th. Thank you. Thank you, everyone. There
20 are no more questions, then we will finally
21 reconvene.

22 Councilman Nutter. I'm sorry. I
23 didn't see you.

24 COUNCILMAN NUTTER: No, no. I
25 was late raising my hand.

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2 Did you say we were recessing?

3 COUNCILWOMAN BLACKWELL:

4 Recessing until the 15th at 10:30. There's
5 already a Committee of the Whole scheduled for
6 that day on the confirmation of the City
7 Solicitor. We will add this to that.

8 Councilman Rizzo.

9 COUNCILMAN RIZZO: Point of
10 information. Is there a reason we're doing
11 this? Why can't we deal with it today?

12 COUNCILWOMAN BLACKWELL: There
13 are some open-ended issues that we want to
14 have resolved and we want to make sure that
15 everybody is satisfied. At that time,
16 assuming all minds are clear, it should pretty
17 much be academic. It should be very short,
18 this and the confirmation of the City
19 Solicitor. There's a hearing right after
20 that, so we assume it should be a very quick
21 hearing.

22 COUNCILMAN NUTTER: So I just
23 have two questions.

24 So now we have a full package of
25 these amendments. Are we anticipating any

1 6/8/05 - Resolution 050388 - Whole and Housing
2 other amendments?

3 MS. SMITH: No, not from the
4 Administration.

5 COUNCILMAN NUTTER: But we have
6 not moved --

7 COUNCILWOMAN BLACKWELL: It's
8 not an issue that is listed here.

9 COUNCILMAN NUTTER: I
10 understand, but we have not moved these
11 amendments yet? Okay. So that's the one
12 question.

13 The second question is, the
14 discussion that we had yesterday with regard
15 to the NTI Program Statement and Budget, its
16 total dollar amount is clearly being changed.

17 MS. SMITH: The total dollar
18 amount, it should be 296 million over five
19 years.

20 COUNCILMAN NUTTER: No. I'm
21 talking about the FY06.

22 MS. SMITH: That's 36 million
23 and something dollars up from 31 million.

24 COUNCILMAN NUTTER: Up from 31.
25 Now, this is the discussion we had yesterday

1 6/8/05 - Resolution 050388 - Whole and Housing
2 about the NTI line item in the CDBG budget,
3 which is a bill that is up on second reading
4 and final passage tomorrow. What is the
5 official, I guess, determination or opinion
6 with regard to changes that we might make in
7 the NTI budget, which is increasing its dollar
8 amount, while there's a lower number already
9 in the CDBG budget and the need for
10 consistency between those two numbers? Can
11 you explain to me either why they need to be
12 consistent or why they don't need to be
13 consistent?

14 MS. MCCOLLOCH: Deborah
15 McColloch, Director of Housing.

16 We can amend the Consolidated Plan
17 using the process that's outlined in the
18 appendices of the plan, which is to advertise
19 an amendment and say this is how we're
20 planning to amend it.

21 Following that process, we can amend
22 the plan. So the need for consistency, we can
23 amend it before we submit it to HUD or we
24 could submit -- we can do it one of two ways.
25 We can submit it to HUD the way that is passed

1 6/8/05 - Resolution 050388 - Whole and Housing
2 by Council and then we follow our process to
3 amend it, which is what's outlined in the
4 plan, or we can amend it and then submit it to
5 HUD. Either way, because the set of dollars
6 in question are the NTI funds rather than the
7 federal HUD funds.

8 COUNCILMAN NUTTER: I
9 understand. Well, if I can ask, if you would
10 forward to the respective Chairs of the joint
11 committees a letter indicating which process
12 you plan to pursue, how you plan to do it,
13 when you will do it, and out of that, I'm
14 assuming a subsequent document or a final
15 Consolidated Plan submission is made which
16 would then reflect what the new number is.

17 MS. MCCOLLOCH: Yes; the
18 revised budget.

19 COUNCILMAN NUTTER: Right. And
20 then if you would, whenever that takes place,
21 submit that the respective Chairs, that final
22 plan, for distribution to the rest of the
23 Council, I would appreciate it.

24 MS. MCCOLLOCH: Fine. I'm
25 happy to do that.

1 6/8/05 - Resolution 050388 - Whole and Housing

2 COUNCILMAN NUTTER: Thank you.

3 Thank you, Madam Chair.

4 COUNCILWOMAN BLACKWELL: Thank

5 you very much.

6 Are there any other questions from

7 members of the committee?

8 (No response.)

9 COUNCILWOMAN BLACKWELL: Seeing

10 none, we will recess until the 15th at 10:30,

11 next Wednesday. Thank you very much. And

12 thank you, everyone, for your patience. It's

13 been a tough day.

14 (Joint Committees of the Whole

15 and Housing, Neighborhood Development and the

16 Homeless concluded at 4:45 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter on June 8, 2005, and that
this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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