COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING
COMMITTEE OF THE WHOLE
COMMITTEE ON FINANCE

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Room 696, City Hall
Philadelphia, Pennsylvania
Monday, June 2, 2003
11:03 a.m.

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Bill No. 030372, an ordinance authorizing the Mayor, on behalf of the City, to file applications with the United States Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) and to use the Section 108 Loan Guarantee Program; authorizing the Housing Director to file applications with HUD to participate in the HOME Investment Partnership Program and the Emergency Shelter Grant (ESG) Program; authorizing the Housing Director, on behalf of the City, to file an application with HUD for a Housing Opportunities for Persons with AIDS (HOPWA) grant; authorizing the Managing Director, on behalf of the City, to file an application or applications to obtain grants from The Commonwealth of Pennsylvania, under the Act of April 12, 1956, P.L. 1449, Section 4, as amended, to prevent and eliminate blight; and, authorizing the Mayor, the Housing Director and the Managing Director to enter into all understandings and assurances contained in such applications and take all necessary action to accept the grants, all under certain terms and conditions.

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Resolution 030306, a resolution approving the annual Program Statement and Budget for the expenditure of the Neighborhood Transformation Initiative Bond Proceeds for Fiscal Year 2004.

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Resolution 030429, a resolution authorizing the Philadelphia Redevelopment Authority to use NTI bond proceeds to acquire certain properties, under certain terms and conditions.

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PRESENT:

COUNCIL PRESIDENT ANNA C. VERNA
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COUNCILWOMAN DONNA REED MILLER
COUNCILMAN MICHAEL A. NUTTER
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6/02/03 - Whole/Finance

P R O C E E D I N G S

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COUNCIL PRESIDENT VERNA: The Committee of the Whole and the Finance Committee are now in public hearing regarding Bill Numbers 030372, Resolution 030306, and Resolution 030429. I would ask Mr. McPherson to please read the titles.

MR. McPHERSON: Bill No. 030372, an ordinance authorizing the Mayor, on behalf of the City, to file applications with the United States Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) and to use the Section 108 Loan Guarantee Program; authorizing the Housing Director to file applications with HUD to participate in the HOME Investment Partnership Program and the Emergency Shelter Grant (ESG) Program; authorizing the Housing Director, on behalf of the City, to file an application with HUD for a Housing Opportunities for Persons with AIDS (HOPWA) grant; authorizing the Managing Director, on behalf of the City, to file an application or applications to obtain grants from The Commonwealth of

Pennsylvania, under the Act of April 12, 1956, P.L. 1449, Section 4, as amended, to prevent and eliminate blight; and, authorizing the Mayor, the Housing Director and the Managing Director to enter into all understandings and assurances contained in such applications and take all necessary action to accept the grants, all under certain terms and conditions.

Resolution 030306, a resolution approving the annual Program Statement and Budget for the expenditure of the Neighborhood Transformation Initiative Bond Proceeds for Fiscal Year 2004.

Resolution 030429, a resolution authorizing the Philadelphia Redevelopment Authority to use NTI bond proceeds to acquire certain properties, under certain terms and conditions.

COUNCIL PRESIDENT VERNA: Thank you.

Miss Smith, you're going to testify first. Please identify yourself for the record. Oh, I'm sorry. Councilwoman Blackwell would like to make a brief statement.

COUNCILWOMAN BLACKWELL: Thank you very much, Madam President. Good morning. We are here today to review the Office of Housing and Community Development's Consolidated Plan and the Neighborhood Transformation Initiatives annual program statement.

As some of you may know, this public hearing has traditionally been assigned, reviewed and handled by the Committee on Finance, of which I am Chair.

However, because of the importance of the issues involved, President Verna has agreed to allow this hearing to be jointly reviewed by the Finance Committee and the Committee of the Whole.

Both Committees will be responsible for the approval of the plan and the statement. So that includes CDBG, community development block grant application, as well as NTI or the Neighborhood Transformation Initiative.

With that said, what we hope today is that the administration will agree to present their testimony. And if my colleagues will agree, maybe we can have questions and answer to them for

approximately an hour.

We would like to also.. Well, since it's already 11:15... We can only request that. We have so many people here to testify, that maybe we allow them to testify, and the Administration be available all day, to return with question and answer.

Also, we have been contacted by all of these dealing with Bill Number 030397 on the Free Library, which deals with the lease, focuses on the leaseback sale agreement. And those folks are all due here to also exacerbate our small space. And they are requesting to go on about 3:00, if the Committee agrees to it, and then go back to deal with the libraries, and then go back to our full hearings on CDBG and NTI.

Thank you very much for your consideration.

COUNCIL PRESIDENT VERNA: Thank you, Miss Smith. Kindly identify yourself for the record and proceed with your testimony.

MS. SMITH: My name is Patricia Smith. I'm Director of Neighborhood Transformation.

6/02/03 - Whole/Finance

Good morning, Madam President; Madam Chairperson; and Members of the Committee of the Whole and Finance Committee.

I'm here today testifying in support of Resolution 030306. Mayor Street's Neighborhood Transformation Initiative, an unprecedented and nationally acclaimed initiative, to make Philadelphia neighborhoods great places to live, learn, shop, work and play, is making a difference.

The past year has been an exciting and challenging time for those of us who are part of the NTI team.

For me personally, one of the most rewarding experiences is the tremendous amount of collaboration and teamwork that is helping NTI to succeed.

I wish to take a moment to acknowledge the hard work and dedication of my colleagues throughout City --

COUNCIL PRESIDENT VERNA: Excuse me. Excuse me, please.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair. And Miss Smith, I apologize for interrupting.

I think there's a bit of a search going on for some of the testimony. I've seen yours separate. And then is the rest of the testimony in the book that we received? Is that what's going on?

MS. SMITH: What we've done, we have the Administration's full testimony, which we sent over on Friday, along with some supporting documents that were requested at various points during our briefing. My testimony is an overview, and it should have been given out with these specs.

I'm going to highlight the key parts of the program statement.

COUNCILMAN NUTTER: Okay.

MS. SMITH: And budget.

COUNCILMAN NUTTER: The rest of the testimony is in the big book here?

MS. SMITH: Yes.

COUNCILMAN NUTTER: Okay. Was this sent over on Friday also?

MS. SMITH: Yes.

COUNCILMAN NUTTER: Because I just saw this this morning.

MS. SMITH: Not the... The testimony of the Administration was sent over on Friday. And what's behind it are a series of supporting documentations, items, and information that were requested by various Councilpersons during the course of our briefing over the past week. So we tried to combine --

COUNCILMAN NUTTER: Right.

MS. SMITH: -- And anticipate the type of documents.

COUNCILMAN NUTTER: The rest of the testimony you're talking about, is that behind Tab 1?

MS. SMITH: Yes. It says the testimony of Administration. We're not planning to read that full testimony. It's very detailed and specific.

COUNCILMAN NUTTER: Thank you so much.

MS. SMITH: So I'm providing the highlights and overview.

COUNCILMAN NUTTER: Okay. All right.

COUNCIL PRESIDENT VERNA: Please proceed.

MS. SMITH: I wish to take a moment to acknowledge the hard work and dedication of my colleagues throughout City government who have spent countless hours in the trenches executing the administrative details of NTI. I give my heartfelt thanks to each and every one of you.

Recognizing that neighborhoods have different needs and priorities, NTI is committed to a community planning effort to inform a public of its revitalization activities.

Planning helps communities sort through and prioritize needs, while assisting the City in allocating resources to meet those needs.

In Fiscal Year 2003, the City Planning Department began a comprehensive community planning process in 26 neighborhoods and three areas, known as the NTI Planning Areas.

Some of these areas had existing community plans completed by neighborhood based organizations or District Council offices. Other

areas did not.

For those with existing plans, the previous planning work served as a framework for the delivery of planning services. Where plans were never developed, where planning was not comprehensive or where planning required updating or greater level of detail and modification, as was in the case in Strawberry mansion, one of our neighborhoods, a greater level of planning services are being provided.

Of course, a transformation of neighborhoods cannot take place without private investment. Today, standing with the City under the NTI banner, are Fannie Mae and Freddie Mac, CDCs, the National Trust for Historic Preservation, private developers, and the Philadelphia Housing Authority.

Citizens Bank, PNC, Fleet, United, Wacovia/First Union and Beneficial are investing more than $120 million in loans and services. CDCs, the guerrilla fighters in the war against blight and divestment, have built more than 839 units of housing since Mayor Street took office, with another 1800 units planned.

Because of NTI, there is a renewed interest in the City of Philadelphia by residential home builders. And we are happy to welcome to the NTI team Western Development and OKKS Michaels, a joint venture comprised of residential home builders, Orleans Korman, and the premiere affordable housing developer, Michael's Development Company.

Mayor Street is keeping his commitment to make Philadelphia neighborhoods safer and cleaner, by closing down open air drug markets, taking more than 200,000 abandoned cars off the street, removing graffiti from more than 308,000 buildings and fixtures, pruning 15,000 trees, and removing 7,400 dangerous trees, removing more than 25,00 tons of debris from vacant lots, and planting new trees on streets and parks and on vacant lots.

But most important, the difference that NTI is making can be seen in a growing community spirit and optimism of everyday people.

We had wanted to bring forward, Madam Chair, Mrs. Anita Hahn, but she had a family emergency this morning. She works in Germantown.

She lives in the 2400 block of Blakemore Street, and she just wanted to be able to tell her story. She may be able to make it for the public testimony component.

The remainder of my testimony will be devoted to providing a general overview of our progress since June 2000 when City Council approved the first year NTI budget and the Administration plans for FY 2004.

On Friday the Administration transmitted more specific testimony in support of the Resolution, a copy of which we've added to your notebook.

For fiscal year 2004 the Administration is seeking City Council authorization to spend up to $106 million of NTI bond funds on a variety of activities to help Philadelphia neighborhoods to meet their full potential by demolishing dangerous buildings, fostering redevelopment through land assembly, investing in housing and neighborhood preservation activities and improving the City's information technology and management information systems.

In addition, NTI will continue to

tap an array of Federal, state and local resources to help eliminate blight, increase investment and development, and improve neighborhood services.

The most significant increase is the acquisition line item to accommodate the demand for land banking and development projects.

Originally we allocated $50 million for acquisition. Now we propose committing $74 million over a five-year period. The increase acquisition budget warrants issuing more taxable bonds.

As a result, the City now anticipates issuing a total of $275 million in bonds instead of the $295 million over the life of the program.

This change is due in part to the fact that taxable bonds require larger annual payments to service the debt and generally carry higher interest rates.

Our vacant property demolition and stabilization programs have not progressed as quickly as we projected a year ago. Consequently, the Administration has revised our annual production goals for these activities.

In FY 2004 the Administration expects to demolish between 1400 and 1600 dangerous residential buildings and stabilize between 150 to 200 properties.

We have revised the average per property demolition cost to reflect actual experience during the past year.

Because of the pattern of vacancy that are finding in neighborhoods, more hand demolitions are necessary, and this increases costs significantly.

The budget for residential demolitions total $28 million and $4 million for large building demolitions.

Unfortunately, demolition is a necessary evil. Abandoned for decades, more than 7,000 houses present a serious threat to the public safety.

Still, an important lesson learned during the past year is that the success of a large-scale demolition program is heavily dependent upon an informed citizenry, one which understands the factors that are considered when a decision is made to tear down a building.

Often a person may not see indicators of the structural defect or from the ground they cannot see the gaping holes in the roof, as documented by the flyover photographs of Tioga and interior pictures of eminently dangerous buildings. And you'll find some of these photographs under Tab 3 of your notebook.

Good communication takes time. Even if it means falling short of our production goals, the Administration is committed to taking time to listen, to have substantive cooperative dialogue with community leaders and Council Members.

Stabilization activities started later than expected, due to the problems that were encountered in launching our residential demolition program.

In January the Administration asked the Redevelopment Authority to assume the role of lead agency for the NTI vacant property stabilization activities.

Since then, the RDA, Department of Licenses and Inspections, Phil-International, have inspected more than 200 properties to determine if they met the criteria set out for the program.

And you can find this criteria on Page 32 in your notebook, and it was also included in last year's notebook -- 32 of your program statement and budget.

Also, of the 200 properties, 82 fulfilled the program's eligibility criteria, and notice to proceed to begin stabilization work has been given. 13 are near completion. And we provided status reports on both stabilization and demolition activities in the briefing book which is the notebook.

Under NTI the quality of demolition work has improved dramatically. The handheld system has revolutionized field inspections by L & I. We, in fact, have a device here which we're willing to share around and pass with Council or invite you to demonstrations. But this handheld device enables inspectors to transmit data and photos from the field almost instantaneously.

In addition, we have revised the specifications for demolition work, to require grading, installation of stop soil, and planting of grass seed to slow growth of weeds.

Where appropriate, post and rail wood fencing will be installed on lots resulting from demolition activity. We actually have some photos, again, that we handed out of the post demolition treatments under the NTI new specifications.

Improvements to our bidding process are increasing accountability and efficiency. Contractors now bid on the entire demolition procedure, including asbestos removal and party wall extremity. These changes are proving to be effective, in that there has been noticeable decreases in the number of demolition related complaints from neighborhood residents.

Also, these changes in bidding processes are helping the Administration to meet our economic opportunity goals.

To date, the City has awarded more than $6 million in demolition contracts under the NTI Demolition Program. Of this amount, 40 percent have been subcontracted to MBE firms and 38 percent to WB firms.

On the two current NTI demolition projects in Mantua and Frankford, hours worked by

Philadelphia residents exceed 80 percent. Hours worked by minorities on these two projects represent 55 percent and 63 percent of the total hours worked.

In FY 2004 the City will work closely with the African American Chamber of Commerce to maximize the participation of minorities, women, and disabled businesses, and the opportunities that arise out of our demolition activity, particularly focusing on grooming prime contractors.

Philadelphia Revitalization Education Program will help with community residents to secure employment on demolition and other construction projects related to NTI. It will work with contractors, union representatives, training providers to maximize employment opportunities.

More than 31,000 vacant lots dot the landscape of our neighborhoods. Several years ago, the Pennsylvania Horticultural Society began to systematically address the enormous problem of vacant land in Philadelphia.

They conducted studies, brought

stakeholders together to plan a comprehensive system for vacant land management, and demonstrated effective methods of cleaning and greening vacant land in several neighborhoods, including New Kensington and American Street Empowerment Zone.

The Administration is committed to building upon and extending this innovative work. At our request, PHS developed a conceptual framework for the management of open space which we are calling the Green City Strategy.

The Green City Strategy is a comprehensive approach that will involve residents, organizations, and businesses throughout the City.

You can see examples of the Administration's work with PHS around the City. Altogether 15 acres of land have been stabilized by planting grass seeds and trees, and posts and rail wood fencing.

This interim stabilization treatment is reducing short dumping and improving the curb appeal of many neighborhoods.

In fiscal year 2004 the

Administration plans to expand upon its vacant land stabilization work. During the summer we'll be asking District Council members to submit requests for land stabilization work in their district.

A committee comprised of Planning Commission, PHS, the Managing Director will review the requests, including the fencing of existing lots.

We are aggressively seeking Federal and private funding for greening activity. To date, contributors to the NTI Green City Strategy include the Empowerment Zone, the William Penn Foundation, HUD, Citizens Bank, and U.S. Forestry Services. The City will be contributing about $3 million to its lot cleaning and greening activities.

Public ownership means greater control of one of our most valuable resources, land. Public ownership of this land will allow us to manage and more efficiently maintain it more effectively, and over time decide the best way to use it in the future.

With Council's approval, the City is

acquiring more than 5500 properties in the first year. Before NTI, the City's business practices regarding the acquisition of vacant land were not well organized.

The NTI land acquisition team is working diligently with Members of Council to identify thousands of parcels, mostly abandoned vacant lots, to include in this historic land acquisition process.

The principles that guide our decision making are set out in your NTI program statement and budget for FY 2004. You can find that on Page 22.

In addition, the RDA completed work on a baseline data base to track condemnation activity. The baseline system tracks all relevant data about a property such as name, description, Council District, budgets, the developer.

It contains a history of actions taken, which will enable anyone to access the record, immediately understand where the property is in the acquisition process.

The RDA invites Members of Council and your staff to a demonstration that they are

organizing for the system in July, on July 10, 2003.

The system represents an important step forward for the City in our efforts to manage property acquisition data. The next step is to develop a web enabled and fully integrated system. An RFP has been drafted by Moise and is under review.

Strong and healthy neighborhoods will only happen if the City facilitates housing investment, within the context of a comprehensive strategy for both preservation and redevelopment.

Based upon an analysis of our real estate markets by the Reinvestment Fund, the Administration is developing and implementing appropriate roles for the City government which facilitate a healthy real estate market by encouraging the buying of homes, preserve existing housing stock by directing resources to blocks and neighborhoods that are showing signs of decline, creating new urban communities by fostering large scale development, and providing quality housing options for individuals of all incomes and needs.

Under the leadership of Secretary of

Housing and Neighborhood preservation, Kevin Hanna, the City is repositioning its housing and community development agencies to meet measurable five-year production goals around these organizing principles.

The face of Philadelphia neighborhoods is being transformed by large scale development. Six are under way. We've also provided some background material on those six. They are Mill Creek, Brewerytown, Capehart, Tasker, Grays Ferry, PHA Development, the work by Universal Communities in South Philly, and the Cecil B. Moore Home Ownership Zone.

About half of these new units will be rental, including low income and senior. The other half will be home ownership.

A crucial component of a vigorous real estate market is the consistent building of market rate housing. Market rate housing is that which is constructed and purchased without using government subsidy.

In many parts of the City, private developers are rehabbing and building homes to sell on the open market.

To help foster market rate transactions, the Administration partnered with Center City District to launch the Neighborhood Marketing Campaign, which was unveiled last week. And it's a pilot program to market six neighborhoods to potential residents in the Greater Philadelphia Region.

In addition, the Administration is using NTI bond proceeds to support programs that create home ownership opportunities.

Funding for the Settlement Assistant Grant Program is being restored. We awarded a $250,000 contract to GPUAC, to service an intermediary to design and market an employer-assisted housing program. GPUAC will encourage the Philadelphia business community to adopt EHA programs.

The NTI partnership with Citizens Bank resulted in a pledge to make more than $50 million available in residential mortgages at below market rates in targeted census tracts over the next five years.

NTI bond proceeds are being used to stabilize neighborhoods and blocks that are

beginning to show decline, by rehabbing vacant properties.

One such project is the Southwest Revitalization Initiative, involving Presby Homes and the Board of City Trusts.

Last fall Council approved the condemnation of 56 properties for rehab, as part of the RDA's home ownership rehab program, and additional properties will be acquired in the next phase to support this initiative in the fall.

Under NTI, the City is also offering financial assistance to current homeowners. Perhaps you've seen the Great City, Great Rates billboards advertising the new and improved PHIL loan program.

The PHIL program lends up to $25,000 for home repairs. Under the new guidelines, families earning less than 115 percent medium, area medium income, which is about $72,000 for a family of four, can get a three percent loan.

We have already made about $1.2 million of loans in the last fiscal year or in the fiscal year 2003. Please help us spread the word about PHIL loans. There's a web site called

PHILaloan.com, as well as a 800 number or 877 number that you can call.

In fiscal year 2003, the Administration allocated $2 million for the Targeted Basic System Repair Program. And the organizations, ten organizations, selected to administrate it will be eligible for continued funding in 2004.

The Administration's in the process of executing the contracts with these community based organizations who are competitively selected.

In addition, $1 million would be available to provide for basic systems repair programs to homeowners who live in areas that are targeted for large scale development activity.

A grant from the Freddie Mac Foundation helped set up the public information hotline for homeowners who are planning to take out home improvement loans or debt consolidation loans or suspect they are victims of predatory loans.

To date, more than 2300 individuals called the hotline for help. Callers to the Don't

Bar Trouble Hotline are given advice and are referred to a network of housing counseling agencies, funded by the City, Community Development Block Grants. Because of a generous grant from Citizens Bank, the Don't Bar Trouble Hotline will be promoted through a series of advertisements in FY 2004.

NTI bonds help create two new innovative loan products to combat predatory lending. The City has executed contracts with GPUAC, who have brought together a consortium of banks to provide home improvement financing to borrowers who have marginal credit history and may not be eligible for a PHIL loan.

The Reinvestment Fund, Acorn, and the Housing Counseling Association are getting $250,000 to help refinance the victims of predatory loans already.

In order for the City to better coordinate the delivery of City services and implement cost saving technology reforms, consistent data management practices, and an accurate digital parcel map are needed.

NTI Bonds are bringing us closer to

the implementation of the Unified Land Record System.

This system means that any department wishing to access information linked to a specific property will be working from the same exact map of that property, block, or neighborhood as all other departments.

Selected for their professional expertise, extensive knowledge of the City's complex data bases, and information systems and cost efficiency, the vendors for this project consist of two prime contractors and three subcontractors and who are minority certified. The total participation to date is 24 percent.

Installation of the NTI Project Administration web site has been completed, the server to support that web site.

The next step includes the training of the system administrator, data transfer from Hill International and the Reinvestment Fund to the City, purchase of appropriate hardware and software for City Council work stations, and training for City Council staff is being planned for the fall.

In conclusion, I would like to mention that the transformation of a neighborhood into stronger, better communities involve more than housing development.

It requires investments in public safety, schools, businesses, and social services.

Under Mayor Street's leadership, the City is investing hundreds of millions of dollars in public safety through Operation Safe Streets and business expansion, by providing a variety of tax incentives and other financial resources through the renewal community, in the construction of new public housing units and new market rate housing, and the renovation of construction, schools, and children, through an array of after-school programs and family support.

And as I conclude my remarks, I want to return to what I said in the beginning. The NTI is finding innovative solutions, teamwork, cooperation, and partnerships with a variety of stakeholders.

No one person, community organization, government agency, or project can get the job done alone.

Thank you, Madam Chairperson and Madam President, and Members of the Committee. I would like to turn the mike over to my colleague, Kevin Hanna, who will walk you -- give you an overview of the block grant.

COUNCIL PRESIDENT VERNA: Before you start your testimony, Mr. Hanna, I think the noise level is much too high. I think we have to give the speaker the courtesy of listening to what is being said. Do we have copies of your testimony? Is it in the...

MS. SMITH: We did bring extra copies over that we can distribute. If we need to make more... I know we've given out quite a number.

COUNCIL PRESIDENT VERNA: Were they submitted to Members of Council?

MS. SMITH: Yes, the full -- My...

COUNCIL PRESIDENT VERNA: Is it in the book?

MS. SMITH: Yes.

COUNCIL PRESIDENT VERNA: What page? Because we just got the book today, so it's rather difficult to...

MS. SMITH: I believe my testimony was inserted in the front part.

COUNCIL PRESIDENT VERNA: I'm talking about Mr. Hanna's testimony.

MS. SMITH: Oh, Mr. Hanna's testimony.

MR. HANNA: My testimony will essentially summarize what's in the Consolidated Plan. The Consolidated Plan certainly should have been distributed by or before Friday.

COUNCILMAN NUTTER: Written testimony?

MR. HANNA: Yes. That should have been distributed as well.

MS. SMITH: They both came over on Friday, I believe.

COUNCILMAN NUTTER: No, not on Friday.

COUNCIL PRESIDENT VERNA: I don't see his testimony.

MS. WILKERSON: It was delivered on Friday.

COUNCILMAN NUTTER: You're talking about...

MS. WILKERSON: It was delivered on Friday, around 2 o'clock.

COUNCIL PRESIDENT VERNA: We didn't get it at that time.

COUNCILMAN NUTTER: We didn't get it. I got Mr. Traylor's testimony by itself, along with a Lee Captain. That came together on Friday. I didn't see anything else.

MS. WILKERSON: All the information was sent over.

COUNCIL PRESIDENT VERNA: Copies?

MS. SMITH: We're going to have copies made.

COUNCIL PRESIDENT VERNA: We did get something about 4 o'clock on Friday; and whatever we received was distributed. And the books were received this morning.

MS. SMITH: The books were distributed this morning. Mostly they were just supporting documents.

COUNCIL PRESIDENT VERNA: That's what I just said.

Is it the same testimony that's in the book?

COUNCILMAN NUTTER: I think so, Madam President.

COUNCIL PRESIDENT VERNA: Mr. Hanna, what was delivered this morning? Is that the same testimony that was sent on Friday?

MR. HANNA: Yes, there was. In addition to -- In addition, this morning, certain other additional background was delivered.

But the testimony, that was delivered on Friday. It should have been the same as was delivered this morning.

COUNCIL PRESIDENT VERNA: Does everyone have a copy now of Mr. Hanna's testimony?

(Chorus of "no.")

COUNCIL PRESIDENT VERNA: No?

MR. HANNA: Copies are being made right now.

COUNCIL PRESIDENT VERNA: It's in the book under Tab 1. The pages aren't numbered so...

MR. HANNA: Council President, there are two different testimonies: One testimony that's included in the NTI book. The testimony that I'm about to give now is on the CDBG Con

Plan.

COUNCIL PRESIDENT VERNA: We're going to have to make copies of this so that we can distribute it.

MS. SMITH: We are asking someone to make copies now.

COUNCIL PRESIDENT VERNA: While we're waiting for the copies of Mr. Hanna's testimony -- It's different... Councilman Cohen, it's different than what's in the book.

COUNCILMAN COHEN: I have no book.

COUNCILMAN NUTTER: Councilman has no book.

COUNCIL PRESIDENT VERNA: Who else will be testifying?

MR. HANNA: Just the two of us will read testimony in the record.

COUNCIL PRESIDENT VERNA: Is Mr. Wetzel supposed to testify, too?

MS. WILKERSON: Mr. Wetzel will respond to specific questions.

COUNCIL PRESIDENT VERNA: Oh, okay. So we're going to have to wait until we get copies of your testimony. And is someone having them

made now?

MS. SMITH: Yes.

COUNCIL PRESIDENT VERNA: I'm sorry. Councilman, I can't hear a word you're saying.

COUNCILMAN COHEN: Madam President, I'm asking, in view of the size of this development program, is there any testimony by the Mayor or by the head of the RDA, which is going to administer the program?

MS. WILKERSON: Miss Smith has testified on behalf of the Mayor's Office.

Mr. Wetzel is here prepared to respond to specific issues, if you have questions about the acquisition, the Encapsulation Program --

COUNCILMAN COHEN: Well, I'd like to ask the people that have the final say on the decision-making, which to me clearly is the Mayor, or secondly, the person who is the chair of the agency to which this program is assigned for enforcement.

In view of Mr. Dougherty's well-known tendency toward enforcing a discriminatory policy in the union he heads, I'm

concerned about this program, if it's in the RDA's hands.

And I would like to know why the Mayor isn't here. This seems to be a tremendously big program and a very important one to the people in Philadelphia who have needed affordable housing for a long, long time.

And the beauty of the NTI program, when it's successful, will be that it's going to afford a lot of affordable housing.

But we'd like to know from those that make the decisions what their plans are and know the best -- in the best positions to make the answers.

Are they treating this as just a routine little program?

MS. SMITH: No, sir, we're not. My name is Patricia Smith, for the record.

The NTI bond program, while the bonds are issued by the Redevelopment Authority, the oversight of that program is housed within the Office of the Mayor. I'm a member of the Mayor's staff, and I'm the Director of Neighborhood Transformation Initiative.

There are a variety of departments within the City, as well as the Redevelopment Authority, that are part -- that participate in implementing NTI.

As we know, the Redevelopment Authority is that agency of government which is empowered to issue bonds and also to... has the power of eminent domain. So they are an important agency.

Mr. Wetzel is here and is available to answer specific questions with respect to his agency. He's the Executive Director.

COUNCILMAN COHEN: But suppose there are disputes. Who settles them? Within the Administration, who would be the voice that would make the final decision? Isn't that what Council's entitled to hear?

MS. WILKERSON: I am here speaking on behalf of -- If you want to... You know, speaking more directly on behalf of the Mayor.

COUNCILMAN COHEN: Well, that's not the same as having the person who actually makes the decision, is it?

MS. WILKERSON: No, but the Mayor

does not plan on coming to testify.

COUNCILMAN COHEN: When?

MS. WILKERSON: He does not plan on. I believe it's... He's not coming today. If there are questions that I can't answer, we'll try to provide written responses from the Mayor.

COUNCILMAN COHEN: All you can do, with respect for yourself as a person and for your position, is give us what you believe is going to be the Mayor's answer.

But suppose we wanted to ask the Mayor what his view is and what will he do if a certain conflict develops. You can only express your opinion and maybe your hope as to what the Mayor might do. But the Mayor, I think, is the only one in a position to do it.

Seems to me, with this program being the size it is and as important as it appears to be, that the Mayor would be here to come and answer the questions directly.

I'd like to know the answer to the question to the role of RDA in this, because the minority community is very interested in every aspect of this. Everybody in Philadelphia is.

But the minority community has a special interest because the minority community, beyond all other communities, has the most significant problem of affordable housing.

And when those questions arise, we ought to be able to ask someone whose record is clear with respect to their interests.

MS. WILKERSON: If there are questions that come up that require his specific response, I can get those responses for you.

COUNCILMAN COHEN: But you can not serve in the role. We can cross-examine the Mayor as to an answer, but if you give us his answer and we have a question about it, how do we go about questioning that; asking you again for that? And then you go back again to the Mayor? That's not the way you really get answers to questions.

(Applause.)

MS. WILKERSON: I will -- I will relay your concern to him.

COUNCILMAN COHEN: Well, I don't see how Council is going to be in a position to take any action on this unless we get direct answers. The only one I know that can give us the answers

is the Mayor.

And I believe the Mayor ought to be here explaining the program, explaining how we will deal with all the questions, rather than to have surrogates come here, on a matter of this significance.

MS. WILKERSON: Well, we've tried to bring to you today the people who have the responsibility for implementing myriad aspects of these programs.

Mr. Wetzel is here today. Mr. Wetzel and the staff at the Redevelopment Authority are the ones who have firsthand knowledge and are responsible for the acquisition program. They have managed to put together a program for the acquisition of over 5,000 properties.

Miss Smith is here today talking about some of the financing initiatives that have been put in place in connection with various organizations and lending institutions in Philadelphia. She's in a position to give you firsthand information about what's going on in that respect.

Mr. Hanna is working on the development of over 2,000 units of large-scale development.

What the Administration has attempted to do is bring to the table the people who have day-to-day responsibility for implementing the Mayor's initiative.

To the extent that there are broader questions that you want to ask, we will try to arrange some other forum for you to engage in that kind of dialogue with the Mayor.

COUNCILMAN COHEN: Well, the Home Rule Charter explains a way in which Council and the Mayor resolve questions. The Mayor appears at Committee hearings --

MS. WILKERSON: No.

COUNCILMAN COHEN: -- and the Council questions him, and they arrive at solutions.

MS. WILKERSON: I don't believe... Well, I believe it is not traditional for the Mayor to come to City Council to represent the Administration on a day-to-day basis with issues pertaining to the operations of the

Administration.

COUNCILMAN COHEN: Well, it seems to me something that involves $300 million in loans should not be characterized as a day-to-day transaction.

It seems to me to be a major transaction. It's been touted by the Administration as the only one in the country with the daring and the determination and the goal of achieving a change in our neighborhoods.

It is to me the presentation by the Administration of the centerpiece of its work. It's a great idea in concept. We want to know how it gets filled out.

We know -- We appreciate Mr. Wetzel. We appreciate you. We appreciate Pat Smith. We think you're all fine public servants.

But we know one thing: When the rubber meets the road, it's the Mayor that makes the decision. And we think he ought to be here to explain it and be in a position to tell us about the goals of the program and how he's going to deal with each situation. I think that's why so many people are here today. They want to hear

from the Mayor.

(Applause.)

COUNCIL PRESIDENT VERNA: Councilman, I think you've made your point. And we do have not only the people in this room but also people in the anteroom. I think we would want to give them all an opportunity to be heard.

So, if Mr. Hanna has copies of his testimony, I would like them to be circulated so we can proceed with the hearing.

MR. HANNA: Copies have not been brought back into the room.

COUNCIL PRESIDENT VERNA: Pardon me?

MS. SMITH: We went to get some copies made, Madam President, and they haven't come back with the copies that have been made.

If I may, we can talk about that component of the NTI initiative with Mr. Hanna's testimony that was in the notebook. I mean, that is the part which deals with some of the work around the development activity and his role with respect to overseeing realignment.

COUNCIL PRESIDENT VERNA: Does everyone have a notebook? Does everyone have a

copy of the notebook?

Councilman Cohen, do you have a copy of the notebook?

COUNCILMAN COHEN: Yes.

COUNCIL PRESIDENT VERNA: Okay. I think we could refer to Kevin Hanna's testimony in the book. Mr. Hanna, please proceed.

COUNCILMAN COHEN: (Unintelligible.)

COUNCIL PRESIDENT VERNA: I'm sorry, Councilman, if you don't talk into the microphone, we can't hear you.

COUNCILMAN COHEN: I want to say one thing, that my memory that when... When the current Governor and then the Mayor came to Council on the major stadium project which everybody knows I fought against; but at least Mayor Rendell came and openly faced City Council and subjected himself to questions about the stadium project, it seems because that was his major campaign issue and his major mark of his Administration, that public works program.

This is a major public works program. And I don't understand presenting this as a great advance, the greatest advance in any

City in the country, and yet the Mayor is treating it as a routine matter, leaving it to very loyal and very competent subordinates. I have no problem at all with subordinates, except they cannot make the decision. They cannot speak for the Mayor.

Only a Mayor can give answer to the questions that have arisen about this program throughout the City. I think everyone in the City would love to support it if they knew more about it and had answers directly from the Mayor about it. This gives the Mayor a great opportunity.

So that when you say you don't think the Charter provides for that, Mayor Rendell thought it did. He thought it was an unusual matter, so he came here and openly championed it. Seems to me that's what this Mayor ought to be doing; and that would begin to satisfy a lot of the questions that exist out in the community.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

MR. HANNA: My testimony, I think, is currently being passed out or distributed.

COUNCILMAN NUTTER: Madam President.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: I think we've reached a unique point here this morning. And I'd ask you to at least recognize that Councilman Cohen is truly looking out for Mayor Street, trying to present as many opportunities as possible for him to talk about his program.

And I think that you should have a conversation with the Mayor about that so that he can rethink his strategy. It's an incredible forum here to talk. I almost got through it, too.

(Laughter.)

COUNCILMAN NUTTER: Think about what Councilman Cohen is trying to provide for the Mayor and advise him accordingly as his Chief of Staff.

MS. WILKERSON: I've often recommended to the Mayor that he come to these Chambers.

(Laughter.)

MS. WILKERSON: In lieu of some of the rest of us.

(Laughter.)

COUNCILMAN NUTTER: We see what the answer has been.

(Laughter.)

COUNCIL PRESIDENT VERNA: All right. Mr. Hanna, please proceed.

MR. HANNA: Good morning. Council President Verna, Councilwoman Blackwell, and other Members of City Council, my name is Kevin Hanna. I serve as Secretary of Housing and Neighborhood Preservation for the City of Philadelphia.

I'm here today to testify on behalf of the Administration on Bill 030372, which permits the City to apply for the Federal Community Development Block Grant HOME or HOME Investment Partnership Funds Emergency Shelter Grant, Housing Opportunities for Persons with AIDS, that is HOPWA funds, and for state funds from the Department of Community and Economic Development.

The bill refers to the Year 29 Consolidated Plan, which will be submitted to the U.S. Department of Housing and Urban Development, and which details our proposal for spending needs

and other related funds for affordable housing and other activities.

The City is required to submit to HUD one consolidated plan which combines the formerly separate CDBG final plan and statement, the HOME program description, Emergency Shelter Grant application, the HOPWA application, and the Comprehensive Housing Affordability Strategy.

With me is Deborah McCollock, the Director of Housing, Office of Housing and Community Development.

The Consolidated Plan also incorporates spending proposed for the second year of NTI, the Mayor's blight initiative, which is funded with bond proceeds.

Mr. Mjenzi Traylor, First Deputy Secretary of Commerce, is here to address questions dealing specifically with CDBG funds which are allocated to the Commerce Department and which support its activities and those of the Philadelphia Industrial Development Corporation and the Philadelphia Commercial Development Corporation.

Mr. Anthony McIntosh, Executive Vice

President of the Philadelphia Housing Development Corporation and Mr. Herb Wetzel, Executive Director of the Redevelopment Authority are also here to answer questions about the funding and operations of their agencies.

The Year 29 Consolidated Plan for the fiscal year which begins July 1st, 2003, details our plan for spending monies from four primary federal sources.

In the interests of time, I'll limit my comments here, for the most part, to a brief description of those sources.

The first and largest source of federal funds is the Community Development Block Grant, CDBG. In the Year 29, the City will receive $63,763,000 in new entitlement funding, a reduction of $5.681 million.

This decrease is due to the fact that this is the first year for which HUD will use Year 2000 Census information. Before this, to include Year 28, HUD had used Year 1990 census information.

With the decrease in population from '90 to 2000, that formula provides for a decrease,

as I said, of almost $5.7 million.

Reprogramming at this level was at one time -- I'm sorry. However, the budget cut in CDBG resources actually is deeper because the amount of prior years' reprogram funds is also reduced.

Last year the City reprogrammed $5.7 million in prior years' funds. Reprogramming at this level was a one-time event, and funding at this level is not available for Year 29.

Similarly, OHCD's program income for Year 29 will be reduced by $1 million, as compared to Year 28.

In the past, the City drew down on Section 108 funds, funds whose unspent balance earned interest, interest which was used for CDBG eligible programs.

This year the Section 108 loan funds have been spent on activities for which they were borrowed, leaving little to generate these interest earnings.

These reductions in funding have been partially offset by projected increases in program income expected to be generated by a

one-time sale of land owned by the Redevelopment Authority.

Overall, however, total CDBG resources for Year 29 will be $6.5 million less than was available in Year 28.

The reduction in available CDBG funding has forced very difficult choices among competing and often worthwhile initiatives and programs.

In particular, community economic development activities have been reduced by $500,000. However, we exceed by $521,000 the requirement of City Council Bill Number 000716, which stipulates that at least five percent of CDBG funds be spent on economic development activities carried out by community development corporations.

Funding for program delivery and general administration costs have been reduced by a total of 4.1 percent, as compared to Year 28.

The second primary source of funding for Year 29 is the Federal HOME Program. Philadelphia has been told it will receive $17 million from the HOME program in Year 29. That's

an increase of approximately $1 million, as compared to Year 28.

While CDBG funds can be spent for a variety of activities, including construction and rental assistance, the City proposes to use this small increase in HOME funds to offset in part the significant increase in CDBG funds, and to provide small increases in development subsidies available for affordable rental and elderly housing.

The third source of federal funding which is included in the Year 29 Consolidated Plan is housing opportunities for persons with AIDS, the HOPWA program, which the City of Philadelphia administers for the five-county metropolitan region, including Philadelphia, Bucks, Chester, Delaware and Montgomery counties.

The federal formula for HOPWA funds is based on the historic and contemporary AIDS caseload in the region.

In fiscal 2003, we will receive $5.643 million of HOPWA funds for the five-county region.

A decrease in new funding will be made up in part by reprogramming unspent funding

remaining from prior years.

The fourth source of funding for housing in Year 29 is the Federal Emergency Shelter Grant Program, ESG.

We anticipate receiving $2.379 million in ESG funding in Fiscal 2003. These funds which support emergency shelter activities will continue to be administered by the City's Office of Emergency Shelter and Services.

The Year 29 Consolidated Plan details the proposed uses of these and other sources in your Consolidated Plan book. I won't go into any detail because, as I said, those are presented in some level of detail in front of you.

In order to meet our deadlines, I would respectfully request the Committee to vote Bill 030372 out with a favorable recommendation and with a request to suspend the rules to allow first reading at the next Council meeting.

Thank you for the opportunity to present this testimony. I and my colleagues will certainly be happy to entertain whatever questions you may have at this time.

COUNCIL PRESIDENT VERNA: Thank you.

Is there anyone else from the Administration that will be testifying?

Before we start asking questions, on the first go-around, each Council Member will be given five minutes to ask questions, and then we'll have a second go-around for however long it takes.

Yes, Councilman Cohen.

COUNCILMAN COHEN: I suggest that in this case, because of the tremendous public interest, that we change the procedure to permit the public to testify first.

(Applause and cheers.)

COUNCILMAN COHEN: I raise that because this is a program which depends on public support, and the answers given by Administration spokespeople should be directed to those questions, as well as to the questions of Council Members. So I would urgently request the President to consider that.

COUNCIL PRESIDENT VERNA: I am certainly in agreement. I think that's a wonderful idea. We were going to do that about 1 o'clock, but certainly we'll be happy to do that

now. And the Administration will please stay so that if there are any questions, we can direct them to you.

Mr. McPherson, who is our first witness?

MR. McPHERSON: The first Panel is Sue Sierra, Steve Holbertson, Nora Licktash, David Koppisch, Stacy Moore, William Deberry, Juan Perone, and Veronica Howard. Vivian Vanstorick, Sandy Sauceman, John McDonald and Eve Lewis. Will they come to the table, please.

COUNCIL PRESIDENT VERNA: Good morning. Please identify yourself for the record.

MS. SIERRA: Good morning.

COUNCIL PRESIDENT VERNA: Excuse me. Are you going to be testifying?

MS. SIERRA: Sure.

COUNCIL PRESIDENT VERNA: Please identify yourself for the record and proceed with your testimony.

MS. SIERRA: Thank you, Madam President. Good morning.

COUNCIL PRESIDENT VERNA: Good morning.

MS. SIERRA: Thank you, too, Chairman Blackwell.

My name is Susan Sierra, and I am the Policy Coordinator with the Philadelphia Association of Community Development Corporations. I have copies of my testimony here for Members of Council.

COUNCIL PRESIDENT VERNA: Yes. We will be more than happy to have them circulated.

MS. SIERRA: Thank you again, Madam President, and thank you for being so interested in --

COUNCIL PRESIDENT VERNA: Please; let us show respect for the witness.

MS. SIERRA: Thank you for being so interested in hearing from members of the public; and thank you to Members of Council for being flexible in your scheduling.

PACDC represents more than 80 community development corporations who are doing the successful work of Neighborhood Transformation all over the City.

We have recently celebrated our tenth anniversary. And as part of our

celebration, we surveyed our members on their accomplishments over the past decade.

And the results are impressive. Over the past ten years, CDCs in Philadelphia have developed nearly 3500 homes and apartments. We have created more than a million square feet of commercial space.

We're assisted or created over 2,000 businesses. We've converted almost 1,000 vacant lots into parks and gardens, and we've provided job training for over 10,000 neighborhood residents.

This success has come through very successful partnerships between CDCs, government, community residents, and the business sector. And in particular, we recognize and are extremely grateful for the significant investment that the City of Philadelphia has made over the years in the CDC industry.

This partnership continued over the past year. And I want to express how appreciative we are for the increased funding for property acquisition for CDC projects that has happened this year.

We're grateful for the new economic development funding that our neighborhoods are receiving through the CDC tax credit program.

We welcome the Targeted Basic Systems Repair Program that's already been referenced. And we want to salute the Administration and Council for these positive steps, and encourage the City to continue working with CDCs over the coming year.

There are a few specific issues that I'd like to comment on that are related to the Neighborhood Transformation Initiative and the Consolidated Plan.

First of all, I want to say that we strongly support the Administration's proposal to increase the budget for property acquisition under NTI by $24 million, and also again express my thanks for the increased acquisition support that CDCs have received during the spring 2003 acquisition round.

The key first step in successful neighborhood transformation is putting vacant property in the hands of CDCs and other organizations that will redevelop it. And we're

extremely gratified to see such a significant commitment of resources towards this goal.

I want to raise the issue that there will be an ongoing need for acquisition funding once NTI bond funds have been used up, and would like to urge the City to develop a long-term strategy to make sure that there will be ongoing funding for property acquisition, and ensure that redevelopment will take place in future years.

Secondly, I would like to raise some issues raised by the revisions to the overall NTI budget and to the mix of NTI bonds.

Miss Smith has testified as to the revision of the use of NTI bond funds. And we strongly support the use of more bond funds for acquisition, but we are concerned that the reductions in bond fund uses are coming mostly from housing preservation.

In fact, the proposed five-year budget revision cuts the overall budget for housing preservation by $36 million, which is almost 50 percent of the total housing preservation and encapsulation budget.

And in contrast, the proposal

reduces the five-year demolition budget by only $8 million, which is about five percent of that budget.

We commend the positive steps the City has taken to support neighborhood preservation activity by CDCs. And I want to point out that interest in these programs has far outstripped available funds.

For example, the Target Basic Systems Repair Program, which will allow ten CDCs to focus on improving targeted blocks in their neighborhoods actually received more than 20 applications for those 10 slots.

There's also been widespread interest in the Community Life Improvement Program, the CLIP Program. And again, interest in that program has far outstripped the original neighborhoods where that program was scheduled to start.

So we applaud the increased money for acquisition, but we believe the need to preserve and rebuild our communities is also critical. And we urge the City to consider reprogramming demolition funds, rather than

housing preservation funds to support acquisition, and to restore support for housing preservation programs.

The second issue that I'd like to focus on has to do with administrative savings. We are disappointed that there's been pretty significant increases in spending on City operating costs in the proposed Consolidated Plan, as compared to the preliminary plan.

Secretary Hanna referenced the four percent cut in spending on City overhead from last year's Consolidated Plan to this plan. That's true. And we are glad to see the City reducing their overhead.

However, in the preliminary plan, the City had planned to make a 13 percent cut in spending on City overhead. And in the past few months $2.8 million has actually been added to the City's overhead budget.

We believe that increased funding for housing production needs to be the City's top priority. And a recent -- There have been many news articles recently about the housing problems that many of our citizens face in Philadelphia,

including a front-page story in last week's Inquirer.

So in order to deal with these issues, we need to produce more affordable housing. And it's troubling to see such a large increase in administrative funding taking place.

I also want to point out that increasing our investment in housing production doesn't just meet a social need but it's also financially smart for the City.

There were over $6 million in low income housing tax credits that were left on the table unused because the State of Pennsylvania didn't receive enough applications to develop housing tax credit projects last year.

That's money that could have been come to the City of Philadelphia if we had been committing the resources necessary to develop more affordable residential housing.

In addition, Governor Rendell has just added $10 million in funding to the State's Home Ownership Choice Program. That's money that's available to come to the City, but it requires a one-to-one match in City investment,

and again points out the potential to leverage outside funds coming to the City if we are willing to make the investment necessary to meet the housing production needs of the City.

I would submit that no part of the State deserves to have this money more than the City of Philadelphia. And this money is available to be used, but it requires a commitment on our part in order to put forward the resources we need to get it. Without increased local investment in housing production, we can't take advantage of these resources.

The preliminary Consolidated Plan showed that it's possible to identify significant cost savings in the City's Administration. $2.8 million is a significant amount of money, and it's money that could go do a great deal for our neighborhoods if it were being used on the street.

We strongly encourage the City to take advantage of these savings, to increase its investment in housing production. And I'd like to urge the City to follow through on the administrative cost reductions that were originally proposed.

I'd also like to point out that the City does have several other options available to increase housing production.

This year we'll be getting about $1.4 million more in housing and redevelopment assistance money from Harrisburg than we have in previous years, and it's possible the amount may be increasing even more in the future.

We believe that increased HRA funds should be invested 75 percent in increased housing production which as I said is the greatest need facing the City, and 25 percent in home repair neighborhood preservation.

I'd also like to encourage the City to consider reprogramming some of the Neighborhood Transformation Initiative demolition funds towards housing production.

Finally, I'd like to urge the City to create a housing trust fund which would generate dedicated revenue to support housing activities in Philadelphia.

Currently more than 275 cities, counties, and states around the country have created housing trust funds, which provide more

than $750 million a year to address critical housing needs in those communities.

I'd like to urge Philadelphia to follow in their footsteps, and to point out that even at a conservative estimate, the leveraging effect of increased City investment in affordable housing is at least from three to one to five to one, so we'll be getting resources back to encourage us in making these efforts.

Finally, I'd like to thank the Administration for restoring much of the funding that was cut for neighborhood economic development in the preliminary Consolidated Plan.

We continue to be concerned about the effect of cutting support for small businesses, that $500,000 cut that the Secretary mentioned, but we're very glad to see the $1 million that was cut from the Neighborhood Development Fund in the preliminary Plan restored.

City investment in neighborhood economic development has a high leveraging return, and we encourage continued support of these efforts.

So, thank you again, Members of

Council, Madam President, for giving me the opportunity to testify.

And in closing, I'd just like to say that CDCs are the City's experts in Neighborhood Transformation. And if the City and CDCs continue to work together, we'll be able to rebuild our neighborhoods one block at a time.

Thank you very much. And I'd be happy to take any questions.

COUNCIL PRESIDENT VERNA: To the Members of the Committee, shall we listen? Are you interested in hearing all of the witnesses and the Panel testify, and then we could ask questions? Or do you want to ask Miss Sierra questions now?

COUNCILMAN NUTTER: Yes.

COUNCIL PRESIDENT VERNA: Now?

All right. The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Miss Sierra, thank you for your testimony.

MS. SIERRA: Welcome.

COUNCILMAN NUTTER: I'm intrigued by a couple of things that you mentioned on Page 2 of your testimony.

You make reference to... You say, in fact, the proposed five-year budget revision cuts, the overall budget for housing preservation programs by $36 million, almost 50 percent of the funds. Now, you're talking about the NTI Program at that point, right?

MS. SIERRA: Yeah. I'm sorry. That's referring to the NTI budget.

COUNCILMAN NUTTER: Okay.

MS. SIERRA: And then I was -- Later in testimony I was referring to the Consolidated Plan.

COUNCILMAN NUTTER: Right. No; I understand it went back and forth.

I was trying to find where you were on that. I'm looking at Table 3, the FY'04 program budget, on Page 9 of the NTI book. And then --

MS. SIERRA: I'm sorry. I don't have a copy of the NTI book in front of me. I don't know if there are...

COUNCILMAN NUTTER: There are thousands of them floating around by now.

(Laughter.)

COUNCILMAN NUTTER: It's actually going to be over at Borders later on today.

(Laughter.)

COUNCILMAN NUTTER: I understand they're getting the hard copy version of this shortly.

MS. SIERRA: I have one back at my office. I don't have one with me.

COUNCILMAN NUTTER: I understand.

Actually, Miss Smith later on today is going to be reading from the NTI Program and statement.

(Laughter.)

COUNCILMAN NUTTER: Over at Borders.

(Laughter.)

COUNCILMAN NUTTER: Later.

(Laughter.)

COUNCILMAN NUTTER: And signing the document, too, you know. All proceeds going on the taxable side of the program.

If you go to Page 7, there is a

five-year estimated NTI Program budget.

I'm trying to find the cuts that you made reference to. I think it's quite important what you highlighted. But I was trying to follow along.

Miss Smith, is that the right page?

MS. SIERRA: I believe -- And Pat is also directing your attention to Page 6 which has the pie charts, the layout.

COUNCILMAN NUTTER: Those old pie charts.

MS. SIERRA: The initial mix of NTI bonds.

COUNCILMAN NUTTER: Right.

MS. SIERRA: And the revised.

So if... My figures come from... At the top of Page 6 the chart shows that initially $80 million was slated to be spent on housing preservation.

COUNCILMAN NUTTER: Right; I got that.

MS. SIERRA: And then at the bottom of the page is a total of $44 million will be spent on housing preservation programs. That's a

combination of the rehab and homeowner assistance piece, and the property stabilization piece. So that's --

COUNCILMAN NUTTER: The 14 and the 30.

MS. SIERRA: Yeah. That's where the net cut of... That's how the net cut of $36 million is computed.

COUNCILMAN NUTTER: Okay. And I'll have some questions for Miss Smith on that.

Also, that page indicates -- and I guess we've read about this before -- that the program initially was proposed at two fifty, and then Council in its wisdom actually didn't do the borrowing when you asked us to in June.

You subsequently did it in the fall. Interest rates dropped over that summer. And the program came back as a $295 million program. We also anticipate interest rate fluctuations around here as well.

But now the program appears to be two seventy-five. Can you explain that? Page 6.

MS. SMITH: My name is Patricia Smith, Director of Neighborhood Transformation.

COUNCILMAN NUTTER: Yes; we know.

MS. SMITH: The bond proceeds, the amount that we can raise over the life of the program, is really determined by the $20 million in debt service appropriated each year by City Council to support --

COUNCILMAN NUTTER: Was it 20 or was it 18?

MS. SMITH: It was, I think initially up to 20.

COUNCILMAN NUTTER: Okay.

MS. SMITH: Up to 20 was in the authorizing legislation.

COUNCILMAN NUTTER: Okay.

MS. SMITH: So as a result of the adding more dollars into the pot of money for acquisitions, it isn't so much just an interest rate issue; but also, by using more taxable bonds for the program it's like the difference between a 15-year mortgage on your house and a 30-year mortgage. If you decide to take out a 15-year mortgage, your monthly payments are higher.

COUNCILMAN NUTTER: No; I understand.

MS. SMITH: Taxable bonds are like a 15-year mortgage.

COUNCILMAN NUTTER: They cost more.

MS. SMITH: Tax exempt governmental purpose bonds which support the demolition are like a 30-year mortgage.

COUNCILMAN NUTTER: Right.

MS. SMITH: And therefore, your annual debt service payment, you know, is different.

COUNCILMAN NUTTER: Well, to the extent that you make more taxable offerings, we're going to pay higher debt service, right?

MS. SMITH: Right, because they'll be, I guess, amortized over a shorter term.

COUNCILMAN NUTTER: Well, it's just a more expensive piece of paper.

MS. SMITH: Yes. But it's also the most flexible dollars.

COUNCILMAN NUTTER: I understand that. Therein lies the... That's the balance, I guess.

Now, so far we've borrowed 142, right?

MS. SMITH: Yes.

COUNCILMAN NUTTER: Okay. Out of that, how much was taxable? How much was tax exempt?

MS. SMITH: $20 million was taxable, and the balance tax exempt.

COUNCILMAN NUTTER: Okay. And taxable, I think your testimony is, is the most flexible; is that correct?

MS. SMITH: Yes, it is.

COUNCILMAN NUTTER: Okay. What are the range of uses that you could use the taxable dollars for that you could not use the tax exempt?

MS. SMITH: For example, tax exempt public government purpose bonds have to be used for governmental purpose, such as eliminating dangerous conditions. It can't benefit a private party or result in private payments. And that's a very lay person's description.

COUNCILMAN NUTTER: Right.

MS. SMITH: Of the restraints on it; whereas, with taxable there's more flexibility.

COUNCILMAN NUTTER: Are you anticipating doing more taxable bonds?

MS. SMITH: Yes. To give us, again -- And to allow us to be the most responsive, in terms of the acquisition needs. For example, there's a second type of financing called qualified redevelopment bonds.

COUNCILMAN NUTTER: Right.

MS. SMITH: Which are also tax exempt, that could be used for land acquisition activities which result in the conveyance to a private developer or CDC.

There, however, the requirements of that type of financing means that the land has to be transferred at fair market value.

COUNCILMAN NUTTER: Mm-hmm.

MS. SMITH: If we were to use that type of bond proceeds, it would constrain our ability to subsidize the acquisition or the land for affordable housing projects.

So what we envision is, throughout the year of getting -- And that type of bond financing also requires an allocation from the state.

COUNCILMAN NUTTER: Right.

MS. SMITH: Because it's a private

activity bond.

COUNCILMAN NUTTER: Exactly.

MS. SMITH: So what we envision during the year, so as not to have to first figure out the right financing for the project and to tie our hands that way, we go forward using taxables or lines of credits, and then refinance it out; if a project can support fair market values, then go to the State for a qualified redevelopment bond.

So we'll be working closely with the Director of Finance, the Redevelopment Authority, to put those packages together.

COUNCILMAN NUTTER: When do you anticipate going to market again?

MS. SMITH: That will depend on when declarations of taking are filed, with respect to the acquisitions that are coming through Council now.

I would say probably by the fall, sometime late fall, for taxable, as opposed to tax exempt.

COUNCILMAN NUTTER: How much? How much?

MS. SMITH: Again, we don't know at

this point in time. It really would look --

COUNCILMAN NUTTER: Well, let me ask you -- Okay.

MS. SMITH: Once we finalize the declarations of takings and what resources are being supported by that project, we're in a better position to state that type of information.

COUNCILMAN NUTTER: Let me ask this question: You borrowed $142 million. That was last summer, right?

MS. SMITH: That's correct.

COUNCILMAN NUTTER: Okay. 20 taxable, 122 tax exempt. It was just those two categories?

MS. SMITH: Yes.

COUNCILMAN NUTTER: How much have you spent so far?

MS. SMITH: Based on the third quarter report, which I believe is in the book...

COUNCILMAN NUTTER: Is that on Page 8?

MS. SMITH: Yeah.

COUNCILMAN NUTTER: So would that be $21 million, $22 million dollars?

MS. SMITH: Yeah. As of the third quarter, we were totaling about 9... about 23.

COUNCILMAN NUTTER: Right. Six five six and nine two, right?

MS. SMITH: (Nods head in the affirmative.) And then we're projecting drawing down for expending about 23 in this last quarter --

COUNCILMAN NUTTER: For a total of 44.

MS. SMITH: For a total of 44, yes.

COUNCILMAN NUTTER: That means that you will not have spent $24 million of the approved budget for FY'03 of $68 million; is that correct?

MS. SMITH: That's correct. And most of that is driven by what our projections in the original budget was, with respect to --

COUNCILMAN NUTTER: I understand.

MS. SMITH: -- the pace of demolition and stabilization.

COUNCILMAN NUTTER: I'm sorry. Is the bulk of the unspent $24 million from demolition?

MS. SMITH: I would say that and the stabilization activity. And then a number of the new programs that were designed are just coming on line, so e haven't drawn down those funds from the trustee.

COUNCILMAN NUTTER: Okay. And the FY'04 budget is 106.

So you borrowed 142; you expect to spend 44; that leaves you 98. And you've got a budget of 106.

MS. SMITH: That's correct. But that budget of the 106 also includes our budgeting the entire remaining money, $60 million for land acquisition.

And again, in an effort to provide the most amount of flexibility on reviewing acquisition requests, working with Council as projects come forward, we're asking for the budget authority all in this year.

It does not mean those dollars will be spent all in this year.

COUNCILMAN NUTTER: No; I understand that. But I think what I'm trying to understand is, you only have $98 million left. You've got a

budget of 106. How are we going to make that work?

MS. SMITH: Well, again, as we need the resources to support land acquisition in particular, that's when we would go to the market.

We don't want to go to the market too quickly because it would result in us, you know, paying the interest rate on the issuance before it's expended.

COUNCILMAN NUTTER: No; I understand.

MS. SMITH: So we want to try to time it much more closely particularly to the declarations of taking.

COUNCILMAN NUTTER: All right. But I guess by default, somewhere in the course of the year you're going to have to have another bond offering.

MS. SMITH: Oh, yes.

COUNCILMAN NUTTER: Because you don't have enough money left to fund the FY'04 budget.

MS. SMITH: Yes. Yes. But we're going to try to time it so that...

COUNCILMAN NUTTER: Okay. The other issue that was raised was the change, I guess, from the Preliminary Plan to the... This is probably not yours.

We're now switching in the testimony. This is more of a CDBG issue. The preliminary plan apparently had some amount of decrease in administrative costs, and then some funding was found.

Those numbers were changed. And now it's $2.8 million higher in administrative costs than it was in the preliminary plan as submitted. I guess that was a couple months ago. Why is that?

MR. HANNA: Again, my name is Kevin Hanna. The preliminary plan... The difference, the $2.8 million difference between the preliminary plan and the Plan that's presented to you today has everything to do with the fact that --

COUNCILMAN NUTTER: Just move that microphone just a little.

MR. HANNA: -- has everything to do with the fact that in order to accomplish that

$2.8 million administrative savings, we'd have to essentially renegotiate with the unions because it will require relatively significant cutbacks, and we're not at this point in position to do that.

COUNCILMAN NUTTER: All right. So the actual reduction in administrative costs on the CDBG side is going from $30.8 million in Year 28 to $28.8 million in Year 29; is that correct?

MR. HANNA: That's correct.

COUNCILMAN NUTTER: Page 227?

MR. HANNA: That's correct.

COUNCILMAN NUTTER: All right. So that's a $2 million reduction. Okay.

That's all I would do for now, Madam President. I'll have some additional questions later on.

COUNCILWOMAN BLACKWELL: I think you know your five minutes has been up a little while.

COUNCILMAN NUTTER: Really? Oh, my. You know, time just flies when you're up here asking these questions. I'm sorry. Thank you, Madam Chair. You've been most accommodating.

COUNCILWOMAN BLACKWELL: You're welcome. Councilwoman Tasco.

COUNCILWOMAN TASCO: I lost my notes.

I guess you want to know if we were asking you questions, right. In your testimony you talk about, Miss Sierra, you speak about providing job training or placement for over 10,000 neighborhood residents.

What kind of job training, and what number of jobs have you placed people on, and the kinds of jobs?

MS. SIERRA: I'm afraid that I don't have very detailed answer to that question, Councilwoman.

That number comes from totaling up the responses of our members to a survey of their accomplishments over the past decade. And I know that in that survey, organizations provided somewhat greater level of detail than what they had been able to do. But I'm not as familiar with those responses as I am with the total number.

I know that our members have done a variety of job training and placement work. And that includes -- For example, Universal Communities has a program that focuses on training

neighborhood residents to participate in construction jobs.

Different... Impact Services does a great deal of work on job training for its residents, so a number of CDCs do that work. But I'm afraid I can't... It's difficult for me to respond more specifically to your question.

I could certainly get you more detailed information after.

COUNCILWOMAN TASCO: That would be very helpful. I'd like to know the kinds of jobs. And how many places -- 10,000 people is a significant number of people to find employment for. I'd like to have some more information on that.

And you have a question. I had just sent around the... Oh, let me ask you about the housing trust. Could you explain how that would differ from the goals from OHCD, in providing housing. What is a housing trust?

MS. SIERRA: Well, the housing trust would be finding a way for the City to make an ongoing commitment of a dedicated local revenue source to the housing needs of the City.

So it would be different from CDBG, because that's our reallocation of money that comes to us from Washington. One of the -- As these housing trust funds have become more popular -- and that's happened because housing resources from Federal Government have been going down dramatically over the past decade as I know you know.

Different jurisdictions have been finding ways to raise local resources to meet the housing needs of their communities. And one of the things that's happened, as these have become more popular, is that some programs at the State and also the Federal level have begun to be set up to match these local housing trust funds.

So, for example, there's a State program in Pennsylvania called Brownfields for Housing which matches local housing trust funds that Philadelphia is not able to get any resources from because we don't have a local housing trust fund.

So our belief is not only that the housing needs of this community require creative ways to come up with more resources to meet those

needs, but also that it will have a benefit, in terms of being able to leverage outside resources that we're currently not able to get.

COUNCILWOMAN TASCO: Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you, Councilwoman.

Councilman Ortiz.

COUNCILMAN ORTIZ: Thank you, Madam Chair.

Because we have a affordable housing coalition that has been formed, will you tell me what is the definition of affordable housing?

MS. SIERRA: Well, it's a sort of a... As you know, a lot of people... It's defined different ways for -- I'm not going to give you a formal definition. I'm going to say it's housing -- It's making housing available for folks that wouldn't be able to afford it on their own.

I mean, the Affordable Housing Coalition, I believe, is making demands that center around meeting the needs of people who are at the lowest income levels, families that are

earning under $20,000 a year.

And we're in the process right now of developing a more detailed proposal about what we believe the City should be doing around this proposed Housing Trust Fund. And part of that is going to be making recommendations about how the City can best meet the housing needs of its residents.

COUNCILMAN ORTIZ: And through PHA and the demolition of the Towers, we have eliminated about how many low income units?

MS. SIERRA: I don't know the exact number, but I know there's been a significant net loss in the number of low income housing units that are available through the Housing Authority.

COUNCILMAN ORTIZ: And those units that were eliminated really haven't been replaced or even planned for; is that not true?

MS. SMITH: That is my understanding; yes, Councilman.

COUNCILMAN ORTIZ: So we have eliminated units. And we are planning to build some, but those units that have been eliminated -- What happens to the families that resided in those

units are that are not planned for?

MS. SIERRA: Well, there's a lot of -- There's a huge amount of housing need in the City and --

COUNCILMAN ORTIZ: I understand that. I didn't ask you that. I know that there's -- From your testimony, it doesn't reflect that.

Okay. So what I'm asking is: What happens and where is the planning within this Plan for those families?

Because, you know, there's a lot of PHA housing being built, and that's PHA. I'm not talking City. That is PHA. We're talking here about the NTI which is City.

So PHA has a lot of housing that is being built, and a lot of housing that it needs to build for those units that it eliminated.

We, the City, are now left with trying to find housing for those families that PHA did not plan for.

MS. SIERRA: The Affordable Housing Coalition, there are studies that they have just come out with estimate there's about a 60,000 unit

gap between the need for affordable housing and then the available supply.

And part of the solution to that has to be creating more affordable housing. The Neighborhood Transformation --

COUNCILMAN ORTIZ: But how do we do that? That's what I'm saying. We're in the plan here of NTI. Not talking PHA. PHA has a different plan. But there are units that have been eliminated. And I want your expertise as to point out to me where in this plan of NTI are we seeing that.

MS. SIERRA: Well, I think part of that has to be increasing housing for funding production. I don't know how the Neighborhood Transformation is going to be able to meet its goals of producing affordable housing without increasing funds.

COUNCILMAN ORTIZ: You know, I'm a big supporter of the CDCs. And all of those subsidized housing that we've done and all of the anecdotal, and after talking to a lot of the Directors of the CDCs, other than laborers -- other than laborers, Latinos, blacks, and other

minorities in this City have not been employed in building those homes. Has that been your experience?

MS. SIERRA: I think we both know that --

COUNCILMAN ORTIZ: Because I talked to Guerillimo, I talked to Jesus, I talked to everybody. And they all admit that is one of the key parts of the problem. So, producing jobs through construction has not been part of the plan.

MS. SIERRA: I would hope that we... I would hope that that would be something that would happen. As you know, there's a lot of political interest around that.

COUNCILMAN ORTIZ: We've been hoping for that. We've been hoping for that for 40 years.

MS. SIERRA: I would also say that that's something that really would need... would need City leadership on. I mean, I think you know that CDCs are extremely interested in providing jobs for neighborhood residents, and also in working with the building unions, to make

flexibility possible in producing the housing. But that's an issue that probably needs to hear from City government to be able to --

COUNCILMAN ORTIZ: Well, but it's a big part of what Neighborhood Transformation is all about. I mean, because if you don't have a job, you can't preserve the neighborhood.

MS. SIERRA: I would certainly think that would be... I would agree with that.

COUNCILMAN ORTIZ: Councilwoman Tasco asked you about these claims about jobs. Has the unemployment rate in North Philadelphia and other poverty areas in the City gone down in these last five years?

MS. SIERRA: I don't know the numbers, but my guess would be no. I mean, there's a difference... I think it's --

COUNCILMAN ORTIZ: And what type of jobs would be produced? And what is the wage that is earned by those individuals?

MS. SIERRA: I think we both agree that the -- that the jobs that are available aren't as good -- say in North Philadelphia aren't as good as the jobs that -- which were

available --

COUNCILMAN ORTIZ: Yeah, but when you --

MS. SIERRA: -- and what I'd ask you to consider is not necessarily have we been able to transform the economies of Philadelphia's neighborhoods into what ideally they should be, but are those neighborhoods better places, with stronger economies, and residents who are better off through the job training work of CDCs, and --

COUNCILMAN ORTIZ: I don't know whether they are or not. I don't know whether they are or not, because if they don't have the jobs and the unemployment rate has not gone down, you know, I don't know... If jobs are not being produced, good-paying jobs, living wage jobs, and you know, I... We give sort of the false impression of what the reality is.

And I'm a big fan of CDCs. And I think a lot of the answers lie in making them stronger. But we have to be able to be realistic and understand that the impediments to economic development are very real, and we have to look at that. That's all I'm saying.

MS. SIERRA: No; I absolutely agree with you. And I think that... I think that we both agree that most neighborhoods and most community development groups are up against forces that are a lot bigger and a lot stronger than them. I mean, talking about the economic disinvestment from the City over the years and the loss of manufacturing jobs --

COUNCILMAN ORTIZ: And I don't know whether we're addressing that.

MS. SIERRA: -- are a lot of big issues.

COUNCILMAN ORTIZ: I don't know whether we're addressing the aspect of affordable housing and job development within the plan that is in front of us.

MS. SIERRA: Are you talking about my testimony or are you talking about the City's --

COUNCILMAN ORTIZ: I'm talking about -- Well, I thought your testimony was on what this hearing is all about.

MS. SIERRA: I'm sorry. I'm not -- I'm not --

COUNCILMAN ORTIZ: The hearing is about the Plan. And witnesses, I would hope, you know, were informed about what the Plan is so that they were able to testify about the Plan, and whether that conforms to their vision of what we should be doing in the next five to ten years; that's all.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: You're welcome.

Councilman Clarke. We need the Councilman's mike on, please. Thank you.

COUNCILMAN CLARKE: It's a conspiracy, Madam Chair.

(Laughter.)

COUNCILMAN CLARKE: Thank you.

Good afternoon.

MS. SIERRA: Good afternoon, Councilman.

COUNCILMAN CLARKE: I want to ask you a question about your organization. Do you have a lobbying entity within the organization, a lobbyist?

MS. SIERRA: We're a 501 C-3

corporation, if that's your question, and we don't engage in lobbying per se.

We do... You know, we have a certain amount of expertise in community development policy. And as you know, my position is to do -- has to do with policy and with its analysis, so we testify before Council as to our beliefs as to how the City should be using --

COUNCILMAN CLARKE: That can be construed as lobbying. But I'm not necessarily talking about some high-priced individual in one of those $7,000 suits.

MS. SIERRA: No. I think my suit would look a lot nicer if I were a lobbyist.

COUNCILMAN CLARKE: Some of the best lobbyists, frankly speaking, are people in neighborhoods who are talking about the needs of their particular community.

Reason I asked you that question is that we've continually received a decrease in our federal allocation under CDBG and block grant dollars. And my concern that although the focus should be in this particular forum, because we're having a hearing on the Plan, I'm concerned that

too often we don't focus our attention in Washington when a substantial amount of these decisions are made, in terms of allocation of dollars.

And I know some of it is generated by the Census and the population, but I know that if there are -- if you happen to have a powerful Federal legislator, sometimes they can get above the baseline allocated to their particular District or their particular City.

And my question is: Does your organization or some of its affiliates lobby on the Federal level to attempt to bring me more resources to be allocated among the City's organizations.

MS. SIERRA: Yeah, we certainly do do that kind of advocacy.

I think you know that the national trend and the people that are in charge of making policy decisions at a big level in Washington don't necessarily have urban issues at the top of their agendas. That's a pretty uphill battle.

But we've certainly done our best to try to raise the need for resources that we have

here in the City with our delegation in Washington. I know that I personally have spoken with all of them or with their staffs recently about that issue.

COUNCILMAN CLARKE: Have you been involved in this initiative that was actually, I believe, a Republican initiative, on the home ownership tax credit?

MS. SIERRA: We're definitely... We are interested, in that we think that it has the potential -- The low income housing tax credit, which is a tax credit supporting affordable rental housing development, has done a great deal of good for our neighborhoods.

COUNCILMAN CLARKE: Right.

MS. SIERRA: And we think that the home ownership tax credit has the potential to do a similar amount of good. And we're certainly -- We're interested in seeing that happen.

And I think that, you know, we have expressed that to people in Washington, and certainly I think that our members also have. That's the one -- That's the one program that I can think of that has a potential to bring

significant new resources from Washington to Philadelphia.

COUNCILMAN CLARKE: Right.

MS. SIERRA: And I would hope that it came to pass.

COUNCILMAN CLARKE: Is there anyone from the City, any of the City's agencies that can tell me the status of that Bill or what we're doing from the City to get that passed?

Because I would think that it's an initiative sponsored by the party that's in the majority. And from all accounts, most of the Philadelphia delegation should be supportive of that Bill.

And I'm just trying to understand why isn't that moving in Washington, not to suggest that you will be able to explain the Washington politicians' rhyme or reason.

But if you could just kind of tell me what we're doing from our end to bring in additional resources above and beyond what we currently get.

MS. SMITH: One of the things that we do routinely is meet with the City's lobbyist

with the housing agenda, which basically follows the recommendations of both the National Low Income Housing Coalition, as well as another national organization that really follows housing policies. So, we make that information available. We talk with the delegation.

One of the things that -- It's interesting. Sometimes it's hard to be on the offensive because you're always doing a defensive. And one of the things that happened during this past year is that a lot of the national advocates expended a great deal of resources from National Congress for Community Economic Development to, in fact, try to stop the capital gains cut that was proposed by the Republican Administration, primarily because they felt that that capital gains cut will take away the incentive for corporations who invest in the existing low income housing tax credit, let alone creating a new tax credit program which, of course, has an impact on the budget.

I think going forward, the projected deficits; you know, the defense spending; the budget; and the word is it's just incredibly

difficult to move that type of legislation through.

COUNCILMAN CLARKE: But isn't it a proposal by the majority party?

MS. SMITH: It is a proposal. I think a lot of times the legislation is introduced but not necessarily moved.

It was also the recommendation of the Millennium... Housing Millennium Commission, which was a bipartisan organization. I mean, it's something that has broad-based support, both with Democrats and Republicans.

But I think it comes down to budgetary issues, particularly, you know, since 9/11, the impact that that has had.

COUNCILMAN CLARKE: Okay. Is there a particular -- What's our lobbying entity in Washington or locally who focuses on those types of initiatives?

MS. WILKERSON: I'll get you the names. We have two programs we work with in...

Joyce Wilkerson. We have two firms that we work with in Washington lobbying on Federal issues. And I'll get Pat and Bob. I

forget the other. I'll get you that information.

COUNCILMAN CLARKE: That focus on all Federal issues or...

MS. SMITH: Yes. And I've been working most closely with Pat and Bob. I routinely send them, you know, position papers that are generated by other national housing advocacy organizations.

They routinely organize briefings for the, you know, Federal delegation. I always raise the issue, particularly number one, as the home ownership tax credit, but, everything -- I mean, they're barely getting the budgets, the Federal budgets, through Congress these days, so...

COUNCILMAN CLARKE: Okay. If you can get me that information, I'd like to lobby that lobbying entity, and hopefully some of our Federal legislators.

MS. SMITH: The City also works with Whitten & Diamond, has in the past worked with Whitten & Diamond.

In addition, there's very aggressive advocacy work that's done through the Housing

Authority. The Housing Authority has a very effective national network that has been working.

At one point HUD had proposed a cut of 30 percent in PHA funding, so we've been working trying to, you know, get that challenge addressed. But it has been a very, a very challenging year in -- in Washington.

The Administration is also -- You might be interested -- in working with the delegation in Harrisburg, there have been a number of pieces of legislation that have been proposed in Harrisburg or are under consideration in Harrisburg, that would bring additional resources to the City.

And so, on an ongoing basis, we're engaged with our delegation through subcommittees, working to help them understand Philadelphia issues and hopefully deliver support for legislation if it actually does move.

We understand that if this is going to be successful in the end, we have to increase the resources that are available. And we're taking every opportunity to do that.

COUNCILMAN CLARKE: Yeah. I mean,

our ability to provide additional affordable housing is in fact only going to happen if we bring additional resources to the table.

I mean, the current allocation, there's only so many pieces to the pie. And we have to figure out a way to increase the pie, to provide additional support for affordable housing.

MS. SMITH: One of the things that we get out of working with some of the lobbyists is, we've begun looking at non-traditional resources.

You know, we always know that you can go to Washington. You can go look for HUD money. But we are beginning to look at the... You know, the Forestry Department and other places for possible sources of money.

We're working in Harrisburg getting money from the State EPA. That's how we fund some of the housing developments that are going on. If they have subsurface conditions, you know, we're always looking to pull those resources in, too. So we've cast the net fairly broadly, trying to increase the pool of money out there.

COUNCILMAN CLARKE: Okay. Thank

you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you very much. Thank you.

Are there further questions for this witness?

We would ask the next witness to identify herself, if you're speaking.

MS. SALZMAN: Sure. Good afternoon now.

COUNCILWOMAN BLACKWELL: Good afternoon. Please pull the mike close. We can barely hear you.

MS. SALZMAN: Sure. Is that better?

COUNCILWOMAN BLACKWELL: Yes.

MS. SALZMAN: Good afternoon, Councilwoman Blackwell and Members of Council.

My name is Sandy Salzman. I'm the Executive Director at the New Kensington Community Development Corporation, and I did bring some copies of my testimony, if somebody wants to give it out.

I brought with me today two members of our community who actually received benefits from the CDBG grant. Debbie Kincaid here, who was

Debbie Trautz when we were dealing with her, received one of our fee developed houses.

We did a substantial renovation of a property. So Debbie two years ago received one of our houses. There were two vacant houses left on the 2600 block of York Street that New Kensington renovated.

The block was in real disarray. There was a factory across the street that wasn't being kept up very well. And the residents on the block really weren't taking care of her block.

Debbie moved in, along with a neighbor in the adjoining house that we renovated. And the block has changed dramatically.

But Debbie also received a number of programs under our housing counseling. She was able to get the $800 settlement grant to help her with the... with purchasing her house.

And we're very happy that the Office of Housing and Community Development is bringing back that program this year.

She was able to also work with our housing counselors to learn how to prioritize her bills and to do debit counseling.

But one of the things she didn't need was the home inspection because her house was being completely renovated. However, we have a number of people that are buying older houses in our neighborhoods and other neighborhoods that are not being able to take advantage of this program any more because it stopped about a year ago.

We would like to see some kind of an innovative way of having the City bring back the Housing Inspection Program.

As you know, most of our housing stock is well over 50 years old. In our neighborhood, some of it is a hundred years old. So, we really need that program.

Because what happens is people -- We're able to work with them to get them a good interest rate and get them into the house. But if they get a house that has problems, what's going to wind up happening is that, you know, they're going to have to take out a loan to have a basic system repair made, which they'll probably be able to do.

But then the next year if the roof goes, they're not going to be able to keep taking

out these loans.

What happens then is, they fall pray to some type of predatory loan where they'll try to roll everything together for them. And before you know it, you have somebody that's dealing with 24 percent interest rate, trying to keep their homes together.

And ultimately they wind up losing it, or they come to us -- You know, if they come to us early enough we're able to help them with the full delinquency. But if they come to us too late sometime we can't help them at all. And we would like to not see that happen. So we feel that the home inspection is a really big important part of this.

We also are happy that the City is accelerating the demolition of long-term vacant properties. We know that this is the first step in transforming our neighborhood.

However, we are concerned that once the properties are demolished and before a plan is put into place on how to renovate them, that they be upkept.

In New Kensington you all might know

that we had a very aggressive program to take care of vacant land. But we recognize that this is something that takes a lot of organization, a lot of time, a lot of money.

And we think that people need to -- You know, NTI is really coming up with a lot of plans around this, but we just want to be assured that when we have thousands of lots and hundreds of acres around the City, that there is a plan in place that will take care of these.

Any of you that have been out in the last month have seen, with all the rain we got in May, most of these lots have three and four feet weeds in them. Once that starts happening, trash gets there, you know, and they really need to be maintained.

We would like to see the City have a program where community organizations could get contracts to take care of this land in the neighborhoods.

Mr. Ellis is with me, and he has been working on one of our community gardens. And because of all of our wonderful volunteers, we've been able to do a lot of work in the neighborhood

around that. But, you know, it still needs -- we still need help from the City on this.

We also need -- We also recognize the need to get the vacant land and properties into the hands of developers and community development organizations.

Housing is a priority. With all the properties as Councilman Ortiz was saying, being demolished, we need to start replacing these houses.

And New Kensington is in the process of doing 26 units this year, 27 units in a high rise apartment building in eight scattered site units.

But that's not enough, and we recognize this. We need to be able to come up with ways to get more housing production in the pipeline and happening throughout the City, you know.

And then finally, we really want to thank the City for the economic development, especially Councilman Goode and other Members of Council.

New Kensington was able to take

advantage of the Business Privilege Tax. And that is really going to allow us to work with our commercial corridors.

We're working with Girard Avenue Coalition to bring back Girard Avenue as a commercial corridor, and then also working with the Department of Commerce to work on Frankford Avenue.

So, we have a lot of dreams in New Kensington, and a lot of hope. And we would like to thank you all for your support. And we need to figure out how to deal with housing. Thank you.

COUNCILWOMAN BLACKWELL: Thank you. You mentioned that you would like L & I to do more inspections. You're talking about at any time before a property is purchased? At what point?

I don't have a copy of your testimony yet, so I'm not sure at what point you thought L & I should do more inspections.

MS. SALZMAN: Oh, I'm talking about the home inspection program. OHCD had a home inspection program for people that were buying a home, where an inspector would -- It wasn't L & I. It was a home inspector that would go in and check

out the home, to find out what problems were existing, so that before a person purchased their home they would know whether or not this was something that they should be buying, whether they would be able to afford to make the necessary repairs.

And in some cases they wouldn't -- you wouldn't even be aware of the repairs that were needed unless you were a home inspector.

I mean, you know, piping; you know, sometimes there's cracks in the soil pipe that you wouldn't necessarily see that a home inspector would see. But within a year that could be exacerbated and really cause a problem that you would then have to have a plumber and take out a loan for hundreds of dollars to have this repaired.

COUNCILWOMAN BLACKWELL: Thank you.

Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

It was actually in that area that I wanted to ask a question. I recall the issue of the settlement grants and the... I don't want to

so much say controversy, but the problem around the issue of the inspections, which I think was triggering some issue with the Federal Government and use of funds.

And the issue, I believe, was lead paint, which had some excessive costs associated with it, which may have caused the settlement program initially to be terminated.

Now I'm understanding we've brought it back, but we're not using Federal funds, which then don't trigger the Federal requirement.

And Miss McCollock, is that the short version of the story?

MS. McCOLLOCK: (Nods head in the affirmative.)

COUNCILMAN NUTTER: Okay. as long as it's right, I don't need to go into that.

MS. McCOLLOCK: Yes.

COUNCILMAN NUTTER: I remain concerned, though, about this issue regarding -- especially if the issue if the City is involved in some way, shape or form in a property transaction, whether it's a settlement grant side or if we're putting other money into a property, if we're

helping with the rehabilitation.

This issue of a home inspection, I think, is a very serious issue; and, you know, many of us who may own a home, and if you have a mortgage the bank will usually insist, before they put their money into anything, that you get a home inspection because of any kind of buyer beware situation. But they also want to make sure their money is not, you know, going down some hole somewhere.

I've not completely understood why, if the City is involved in the transaction, that we wouldn't insist, almost similar to a bank, that there would be a home inspection.

Now, one, I assume the home inspection has some amount of cost in a transaction that every dollar is precious.

On the other hand, if you go into the property and at least know -- and someone's willing to certify and they're a legitimate home inspection service -- what the deal is going into that house, and what it's -- you know, not only the beauty and wonder that attracted you to the property as well, but all properties usually have

some kind of problem or issue.

I don't know why we're not insisting on a home inspection, build it into the price, and make sure the homeowner knows exactly what it is they're buying. Miss McCollock, why is that?

MS. McCOLLOCK: I'm Deborah McCollock, the Director of Housing.

The home inspection part of the Settlement Grant Program had two different pieces. One is the requirement, if it's federally funded, that there be a lead paint inspection; and then, if there is lead paint found, that that be treated.

COUNCILMAN NUTTER: Right.

MS. McCOLLOCK: So that's a requirement if the program is federally funded.

Separately from that --

COUNCILMAN NUTTER: If what program is federally funded?

MS. McCOLLOCK: If the Settlement Grant Program were to be funded with Federal funds, the lead paint inspection is triggered, and then a treatment of that paint.

It wouldn't necessarily have to be

done -- The work wouldn't necessarily have to be funded by the City, but the work has to be done. And it becomes a negotiation between the buyer and the seller.

The second portion of that was the cost of the inspection that we were previously having carried out through a series of contracts with home inspection companies, as you just referenced, that went to a union arbitration that the City lost.

And we were instructed that the only way we could continue to carry out those kinds of inspections was to have inspectors hired by the City, as in employees of the City, rather than having to contract out to inspectors.

The cost of that is only going to increase our administrative costs, which as we just discussed we were trying to reduce, and we have reduced by four percent.

So that the cost of hiring those inspectors, carrying out that program, and coordinating that through City employment became -- became too difficult for us to carry out.

So that confluence of events: The requirement for the lead paint inspection, and the union arbitration at the same time, caused us to suspend the program in January.

We're now prepared to reinstate the program, using NTI funds, without the inspection component being carried out by the City, but continuing to encourage the housing counselors to help their clients get inspections and to work with the Housing Counseling Association to try to find an alternative funding source for those inspections, through a foundation or whatever way we can provide assistance.

COUNCILMAN NUTTER: But I think as I understood what you said, you said you encouraged the person to get the home inspection, but it's not required.

MS. McCOLLOCK: That is correct.

COUNCILMAN NUTTER: And if they decide not to?

MS. McCOLLOCK: They would still be eligible for the $800 grant, even if they didn't get the inspection. But we're encouraging them and the housing counseling agencies and housing

counselors all have continued to encourage them.

COUNCILMAN NUTTER: Well, how did you then resolve the situation that you mentioned earlier about the arbitration, that the home inspections had to be done by City employees? How is it now that the buyer, I guess, can go out and get their own?

MS. McCOLLOCK: Because it's not being paid for by the City.

COUNCILMAN NUTTER: What's not being paid for, the inspection?

MS. McCOLLOCK: The inspection is not being paid for by the City.

COUNCILMAN NUTTER: I understand.

Have you given any thought to it -- I don't know what the impact of this would be -- of making it a requirement that if you participate in a program you have to get a home inspection?

MS. McCOLLOCK: I'm sorry. To reinstate the inspection requirement?

COUNCILMAN NUTTER: No. What you said was, we're not funding the inspection.

MS. McCOLLOCK: Mm-hmm.

COUNCILMAN NUTTER: We encourage

people to get one.

MS. McCOLLOCK: Mm-hmm.

COUNCILMAN NUTTER: But if they don't get one, they're still eligible for the settlement grant.

MS. McCOLLOCK: Mm-hmm.

COUNCILMAN NUTTER: And what I'm saying is, if you go the reverse and say: We'd love for you to participate in our settlement program but one of the requirements to participate is, you have to get a home inspection.

MS. McCOLLOCK: The labor attorneys have suggested to me -- to us that that would be not an eligible way to carry out the arbitration award, that that would be contradictory to the arbitration award.

COUNCILMAN NUTTER: Okay. Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Councilman.

Any other questions for these witnesses?

(No response.)

COUNCILWOMAN BLACKWELL: Thank you.

The Clerk will read the other witnesses on this first panel.

MR. McPHERSON: That would be Steve Colbertson, Nora Lickish, David Koppisch, Stacy Moore, William Deberry, Juan Corone, Veronica Howard, Vivian Vanstory, Eve Lewis and John Mc Donald. Will they come to the table, please.

COUNCILWOMAN BLACKWELL: While they are assembling, we will break for five minutes for the stenographer.

(Brief recess.)

COUNCIL PRESIDENT VERNA: We're back in session. Good afternoon. Please identify yourself for the record and proceed with your testimony.

MS. VANSTORY: Good afternoon, distinguished Council. My name is Vivian Vanstory. And I have an organization called Community Land Trust Corporation.

I'm here representing the Cecil B. Moore Home Ownership Zone, which I have a group of people here with me. I would like for you to stand up, everybody here from the Cecil B. Moore Home Ownership Zone.

COUNCIL PRESIDENT VERNA: We welcome you, and thank you for your patience.

MS. VANSTORY: We have been denied the right to participate in the decision-making process of our community.

These people here are being displaced from their homes. They're being asked or they sent the letters asking them that they want to knock their houses down. We have not been a part of the decision-making process of this area.

Since 19 early 80s, Community Land Trust became a corporation in order to form a more perfect union in the area, to establish justice and ensure domestic tranquility.

Today we're asking for a Federal investigation concerning the 29 Consolidated Plan because it is making people move from their communities without an input.

Since the Empowerment Zone and the early '80s when they came in and gave money to Beach Corporation, the community has not been a part of that plan. The people in the business area have given their thoughts on what's going on

in the community. The community itself has not been a part of it.

And we're here today to let you know that we are not happy with our Councilman, Darrell Clarke today. Personally I asked him to sit down and meet with me concerning this housing stock in the area. Because I got smart with him on the street, he says he cannot work with me.

There are members of the City Council-at-Large that I have sent letters to concerning land acquisition.

When you talk about NTI, Community Land Trust Corporation has managed land with no City funding for over a period of ten years or more by using their own monies.

And we have endowed our land management program with Philadelphia Foundation, so therefore what you see in North Philadelphia never happens again in the history of Philadelphia, that we depend on the City to take care of our housing stock and land, where now after years of neglect they sit and tell people that have been in their homes 50 years that they have to move and relocate. That is so ridiculous.

I wrote to Council. They said, well, you have to go to your Council. So I'm going to ask the HUD to have an investigation on this said matter.

Also, we have to acquire a legal attorney to represent us before you pass this 29 Consolidated Plan of the Cecil B. Moore Home Ownership Zone here today, because the community has not been properly informed or have they been a part of the planning process.

(Applause.)

MS. VANSTORY: We have to be a part of the planning process. You're using our taxpayers' money to get rid of us with poor leadership here. That's not correct.

I would like to have another person speak here.

COUNCIL PRESIDENT VERNA: Excuse me. If I may ask you a question?

MS. VANSTORY: Sure.

COUNCIL PRESIDENT VERNA: Are these relocations a part of tomorrow's hearings on condemnations?

MS. VANSTORY: Yes.

COUNCIL PRESIDENT VERNA: Well, I think it would be more appropriate to discuss them tomorrow.

MS. VANSTORY: But I'm here on a testifying basis -- That isn't this the testimony for the proposed 29 Consolidated Plan that is proposed? Has it been passed yet?

COUNCIL PRESIDENT VERNA: No, it hasn't. And that's what we're here for.

MS. VANSTORY: This is what we're here today for to say that we do not want you to pass that 29 Consolidated Plan.

We'll be here tomorrow, but they're here to show that they do not want this passed because they're being displaced.

COUNCIL PRESIDENT VERNA: Okay. Councilman Clark, your light is on. Is there something you would like to add?

COUNCILMAN CLARKE: Yes, Madam President.

Good afternoon, Miss Vanstory.

MS. VANSTORY: Good afternoon, Mr. Clarke.

COUNCILMAN CLARKE: Madam President,

my understanding is that there were two community meetings where information was disseminated on the process of relocation.

It's not clear to me that all of the individuals -- As a matter of fact, I know for sure that all of the individuals who received letters will be asked to move either temporarily or on a permanent basis.

My understanding, and at those meetings, there was supposed to be a discussion about the process, also the overall planning process that is in its initial stages, frankly speaking, and also any one-on-one discussion that needs to be had between the Redevelopment Authority and the individual homeowner or renter.

This process will take some time. It is not an imminent displacement. There has not been an official entity selected yet or announced yet, in terms of the development structure.

The development team will include a local non-profit corporation that will be representing the community, to whatever degree that that community determines that they should be.

And what we would like to do -- and tomorrow is obviously a more appropriate time -- and at any other time in a follow-up discussion, either in my office or in a forum in the community, we can have a very detailed level of discussion about the concerns of some of the residents, understandable concerns of some of the residents in that area.

But I think it is premature for any individual to think that they will be moved imminently, because I just had a cursory discussion with some residents who are here. And I know that those blocks are not targeted for relocation.

So, I think that we have to have some more detail and more discussion before people can raise to that level of concern, which I clearly understand at this point.

MS. VANSTORY: Okay. community Land Trust Corporation is a housing development organization certified with the City of Philadelphia, and do not get any notices concerning anything or input.

So being a minority woman

organization that right today we're seeking Council on being denied the right to participate.

National Temple was just structured in the '80s. Since National Temple, we have no knack. You separate one block from another block and say now you're going to do housing in another block and this... You'll say that you're not a part of that.

But then you get Empowerment Zone money. I happen to live in Empowerment Zone. I happen to have a business in Empowerment Zone. But then you create a mecca, the land lending institution, where they won't even lend me money.

All I see when the board -- You say you're going to make a new organization. We have an organization called Community Land Trust.

We're not a CDC, but we are Chodo. A decca law firm made us that. They said, Vivian, we'll make you a Chodo. Okay.

But we get no respect from the City, as far as literature concerning who -- You said you're going to do a new other organization. We were told that you already formed that organization and named it already. How can you

name it without the participation of the community?

Unless you were voted in, as you are, you can not make that decision without the participation of the community.

And therefore, today we stand here to tell you that until we acquire legal counsel, we need for this to stop today until our legal attorneys represent us today.

Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you. And the Chair recognizes Councilman Ortiz.

COUNCILMAN ORTIZ: What's your understanding of NTI?

MS. VANSTORY: NTI is a program made up to feed the people in business already.

Community Land Trust Corporation managed and owned land and managed other pieces of land.

The NTI program is designated to support their own contractors, not the people, because we're in the Lower North Central Philadelphia, sir, abandoned housing exists. Housing is falling down. And only a few of the

monies have gone to that area, which that is the most suppressed area.

We are not a third world country within the United States. We don't have to worry about them bombing North Central Philadelphia, because you go through there, it's a bomb hit it already.

But it's an institutional bomb, political bomb, which Philadelphia is the most political state in the union. You can't get even a swing for the children to swing on without a lot of bureaucracy.

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you.

Our next witness is?

MS. LICKTASH: My name is Nora Licktash, and I work with the Women's Community Revitalization Project. I'm also a proud member of the Philadelphia Affordable Housing Coalition and Philadelphia Association of Community Development Corporations.

And we support all of the recommendations that were made by Sue Sierra.

I just want to speak myself and then

introduce some other people just for a minute. You can hear me, right?

COUNCIL PRESIDENT VERNA: Yes.

MS. LICKTASH: I also want to thank Council for their support in the work that we do. We really, really appreciate it.

We work primarily in North Philly. We've built about 130 rental houses, and we've worked with more than about 150 folks on home repairs.

We've built other buildings, like child care centers, charter schools, things like that.

But I don't want to talk about buildings today. I want to talk about people and the needs of people. I don't want to tell their stories for them. There are going to be some people telling their own stories real quickly, to speak to the need and the crisis of affordable housing in the City of Philadelphia.

Many of you have seen a study that was done by the University of Pennsylvania, which documents that one out of every three people in Philadelphia -- I'm sorry -- households live on

income of less than 20,000. That means you earn $9.62 an hour or less.

And one out of every five households is paying too much of their income on housing. So I don't want to give you a lot of stats, but the main message I have today is that we believe that in City Council you have the power and we believe the responsibility to really look hard at unused monies under NTI and make sure that they go to affordable housing production.

I want to introduce Stacy Moore, who's the co-chair of my board. She's my boss and she's going to talk next.

COUNCIL PRESIDENT VERNA: Thank you very much.

MS. MOORE: Good afternoon, everyone. My name is Stacy Moore. I'm co-chair of the Women's Community Revitalization Project, which is also a member of the Philadelphia Affordable Housing Coalition.

Can you hear me?

COUNCIL PRESIDENT VERNA: Yes.

MS. MOORE: I'm a full-time seasonal employee. I'm a mother raising a growing

13-year-old young man, and I am a taxpayer.

I'm also a low income person, grateful for my Section 8 voucher, which enables me to live in a nice decent neighborhood, which I would otherwise not be able to afford to live in.

I'm speaking today because although I have affordable housing, there is still thousands in Philadelphia who do not.

The Philadelphia Affordable Housing Coalition commissioned a study done by the University of Pennsylvania, which clearly documents the Philadelphia housing crisis.

130,000 households are living on incomes below $20,000 a year and pay more than they can afford for their housing.

These are people who deserve affordable, accessible, decent, safe, permanent rental housing; people who live with other people in already overflowing homes; families who live with their children in substandard conditions; citizens who need decent affordable housing now, and feel that the clock is ticking because their children are in foster homes and can't come back to the families who love them until they can move

into a decent home; disabled taxpayers who need accessible, visitable, decent, affordable homes; and Philadelphia is failing to meet their needs.

I'm here today to implore City Council to reallocate resources that will add an additional amount to the already proposed items, more money to the neighborhood-based rental production line item which would help finance the creation of additional units for affordable housing, more money to emergency repairs, preservation, and revitalization programs which could preserve and repair more currently occupied homes, and additional money to the adoptive modification line item which would allow more disabled individuals to remain in their homes and avoid costly institutional care.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam President.

If this is a panel -- I know I've

been in and out of the room. I apologize.

COUNCIL PRESIDENT VERNA: It is a panel.

COUNCILMAN NUTTER: There's been some fairly consistent testimony about a number of these programs.

I can wait until the panel is done to ask a couple questions about these issues that have been raised in the course of this panel. I'll wait.

COUNCIL PRESIDENT VERNA: That would be great.

COUNCILMAN NUTTER: Thanks.

COUNCIL PRESIDENT VERNA: All right.

Our next witness is?

MS. SMITH: My name is Beatrice Smith, and I received a letter from the Philadelphia Housing Authority. I'm not a member of any board. I'm just the head of my household.

COUNCIL PRESIDENT VERNA: I'm sorry? What is your name?

MS. SMITH: Beatrice Smith.

COUNCIL PRESIDENT VERNA: Your name is not on this list. However...

MS. SMITH: I just wanted to same for the homeowners, we received a letter saying that we are being relocated. They're just taking our homes.

We went to the other two meetings. They told us, in other words, we're taking your homes, and you have no say-so about it. You're going to be condemned.

My home is paid for. They're not going to give me another home.

This is a letter we all received. We received two letters. We only received them like around the 18th of the month.

And now we have a meeting that we're to come to tomorrow that says and after tomorrow everything is done. And we have no say-so about our homes. They're just taking it away from us.

We feel as though -- I'm a homeowner. I've been there for the good, the bad, and the ugly. Okay? Now it's becoming the beautiful and you're throwing me out. You're taking my taxpayer's money to throw me out of my home. Okay?

You're not going to compensate me

for this. My home, I've made it secure; I've raised my children there. I am in the neighborhood. My job is in my neighborhood.

They're going to take my home away from me, my livelihood away from me, with no nothing.

And it's not fair. And I'm not the only one. Okay? We can't get anything. We can't get a loan because I'm 60 years old. No one's going to give me a 20-year loan for a mortgage. I can't afford it.

There's other ones that are the same way I am. We're on a fixed income, and we can not afford to have our homes taken away from us.

If you want to do it, leave us there for the beautiful and do our homes up.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: What block do you live on?

MS. SMITH: I live in the 1900 block of Harland Street.

COUNCILMAN CLARKE: Harland?

MS. SMITH: Yes, it is.

COUNCILMAN CLARKE: Okay. Okay. I just want to make sure.

MS. SMITH: And I'm not the only one. There are other ones all around. People are just buying homes, just put their life savings in it. And they're in there a year or less.

And now we get a notice saying: We're kicking you out. You have to go. You have no say-so. You know, your house is ugly.

COUNCILMAN CLARKE: Are you going to be able to come down tomorrow?

MS. SMITH: Yes, I will be here tomorrow. Definitely.

COUNCILMAN CLARKE: You know what? Can I -- Madam President, if it's okay with you --

MS. SMITH: And I feel that the money that they're putting in there, why can't they beautify our home, because we owned it?

COUNCILMAN CLARKE: I understand; I understand.

MS. SMITH: And leave us where we are.

COUNCIL PRESIDENT VERNA: Councilman Clarke.

COUNCILMAN CLARKE: I'm not going to -- You know, some people came down today to get some information. I'm not sure everybody will be able to come back tomorrow or should come back tomorrow, because they've taken time and been patient.

Is there a possibility that either Kevin or someone can just briefly -- Herb? I'm sorry. Or any of you guys, all of you guys, can briefly talk about the process?

Because one of the concerns that I have, understanding the process myself, I know first there is no intent to dislocate any individual and not compensate them, even if that person has to be relocated.

And it's supposed to be on a temporary basis, based on the presentation that I received. And that person will have the first preference to come back into that community.

MS. SMITH: But when I do come back, they're going to give me -- they're giving me, like, a home. I have to take out a mortgage for that.

COUNCILMAN CLARKE: No. Listen.

Ma'am, you have legitimate issues.

And what I'm trying to do is have on the record today individuals on the record indicate what the process is.

Even if that after that process is explained, if you have some additional concerns, which you probably will --

MS. SMITH: He explained that already. They explained that already in the other two meetings.

COUNCILMAN CLARKE: Yeah; I understand that. But I was not privy to that explanation. I'd like to hear the explanation today on the record.

COUNCIL PRESIDENT VERNA: Councilman, would you like Mr. Wetzel to very briefly talk about what the process is?

COUNCILMAN CLARKE: Yeah, whoever is... And I think Kevin, to some degree, because Kevin, you're talking about...

COUNCIL PRESIDENT VERNA: Whoever. I think Mr. Wetzel would be.

Mr. Wetzel, if you can take the stand up here so you can talk into the microphone

so everyone can hear you.

MR. WETZEL: Good afternoon. My name is Herbert Wetzel, Executive Director of the Redevelopment Authority of the City of Philadelphia.

With regards to the matter of relocation, these are the entitlements that individuals have as a result if a condemnation were to proceed.

The first thing is, they're entitled for just compensation for their real estate, the fair market value of that real estate.

The Redevelopment Authority will get an appraisal and make an offer to them for the appraised amount of the property. They can also challenge that appraisal before the Board of View or also challenge it in Common Pleas Court.

But the more important thing is, we have an obligation to assist in finding a replacement housing unit for the individual.

And I'll give you a hypothetical example of that. If the individual's house is appraised for $20,000 and a comparable replacement house costs $45,000, not only do we have to give

the condemnee the $20,000 for their home; we have to give them an additional $25,000 to purchase the replacement house.

And on top of that, we have to pay all moving costs, all closing costs, and any utility reconnects associated with that move.

So, it is not just the fair market value for the house and: See you later; you're on your own.

We have an obligation to work with individuals who are being relocated, and find a comparable house. And if the funds from their house are not sufficient to buy that comparable house, make up the difference.

COUNCILMAN CLARKE: Mr. Wetzel, in this scenario, if the individual would have to -- And I'm not sure, because I haven't seen that in most cases -- that individual needs to secure some additional financing to get a comparable home, and that individual for some reason or another either cannot, based on their financial situation or based on some credit issues or based on the fact that this person had been a victim of predatory lending somewhere down the line as it relates to

either their house or another second mortgage or whatever it may be, what is then the role and responsibility of the City as it relates to ensuring that that person is able to get into a comparable unit?

MR. WETZEL: If, for example, someone had a predatory loan on, let's say, this $20,000 house that was appraised for 20 and they had a $10,000 predatory loan on that, which would essentially mean that if we paid or purchased the house and put the $20,000 on the table, the lender would take half that money and then they would only have $10,000 towards the new house.

COUNCILMAN CLARKE: Right.

MR. WETZEL: In situations like that, you know, we have the ability under the -- And let me just clarify this by stating that we operate under the Federal Uniform Relocation Act. And we refer to it as the URA, but it's the Federal Relocation Act.

And the Uniform Relocation Act essentially does provide in certain circumstances what's called a payment of last resort which essentially says, if all else -- every possible

scenario is played out and there is only one way to make that move and that is to make a payment of last resort, then we can make a payment of last resort.

In that hypothetical example, where the replacement housing payment would have been $25,000: 20 for the property, 25 in a replacement housing, payment to purchase a $45,000 home, in this case you're talking about an additional $10,000 would be required to be able to make that move.

And that's called a payment of last resort. And it essentially is only to be used when every other avenue is exhausted. And the only way the individual can move from the house they're living in now to the replacement house is to make that payment of last resort.

COUNCILMAN CLARKE: And the City is required to make that payment?

MR. WETZEL: Yes; and we have done that.

COUNCILMAN CLARKE: In the event -- Because I was asked this question in the hallway. In the event that a person has some credit issues,

what responsibility, in terms of that individual's ability to get an additional funding, not subject to predatory lending --

MR. WETZEL: The payment --

COUNCILMAN CLARKE: -- credit, they owe a gas bill or whatever --

MR. WETZEL: All right. The payment --

COUNCILMAN CLARKE: -- what's the responsibility of the City to assist that person in securing the appropriate assistance for their credit-related issues?

MR. WETZEL: Well, the payment of last resort, essentially, is one in which the individual moves without -- The credit is no longer an issue because there are sufficient funds to acquire the new property.

The issue that comes up to is --

COUNCILMAN CLARKE: Straight out, without any debt on the property at all.

MR. WETZEL: Right. You know, and the payment of last resort in situations in which, you know, there are possibly municipal liens or gas company liens or other liens like that, can be

in the form of a deferred mortgage provided to the relocatee for the property.

But in terms of what you're saying, I think is more important, is if -- And let me just make this one very, very clear: Individuals who are displaced for a project have to be given a preference to move back to the project site.

COUNCILMAN CLARKE: Fist preference.

MR. WETZEL: First preference.

And then the question comes up: Is it economically feasible? Would they have to borrow additional money to be able to come back to the site.

COUNCILMAN CLARKE: Right.

MR. WETZEL: And one of the things that we've worked with individuals is, if they have to move in order for the project to be built and then want to come back, that's a period of time in which credit repair and working with a housing counseling agency can be done during that period.

COUNCILMAN ORTIZ: Councilman, if I may.

COUNCILMAN CLARKE: Sure.

COUNCILMAN ORTIZ: Point of information.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Ortiz.

COUNCILMAN ORTIZ: I just received this copy of this thing.

I can't imagine a family like... Your name is Humberto Brown?

MS. SMITH: My name is Beatrice Smith. We live on the same block.

COUNCILMAN ORTIZ: To receive this on May 16, just a week ago, week and a half ago, telling her that her property has been acquired -- she didn't have it for sale -- that we're authorized for them to acquire the above-referenced property.

And then the letter attached to it says: You may have received a letter from the Redevelopment Authority dated May 21st, regarding City Council public hearings.

If not, you will receive a letter shortly. And in essence, it's to talk to her about relocation.

Is your house in bad condition,

ready to be torn down?

MS. SMITH: No, it's not. It isn't.

COUNCILMAN ORTIZ: Is it unsafe for human habitation?

MS. SMITH: No, it's not.

COUNCILMAN ORTIZ: Has anybody in the City ever gone to you house by house and said --

MS. SMITH: No.

COUNCILMAN ORTIZ: -- we're going to take this property at one point?

MS. SMITH: No.

COUNCILMAN ORTIZ: And you have no say in this?

MS. SMITH: No.

COUNCILMAN ORTIZ: Has anybody come by and said: We want to buy your house?

MS. SMITH: No.

COUNCILMAN ORTIZ: Have you put your house up for sale?

MS. SMITH: No.

COUNCILMAN ORTIZ: Did you ever think about putting your house up for sale?

MS. SMITH: No. No. Never.

COUNCILMAN ORTIZ: You sent a letter to a family. And what type of reaction do you expect them to have?

MR. WETZEL: Councilman, those letters --

COUNCILMAN ORTIZ: Wait.

MR. WETZEL: Councilman --

(Applause.)

COUNCILMAN ORTIZ: Forget -- Forget -- I'm just talking about the human aspect of all of this. Just talking about the human aspect of all of this.

(Applause.)

COUNCILMAN ORTIZ: You know, it has to shock the conscience.

A VOICE: It already does.

COUNCILMAN ORTIZ: Does have to shock the conscience that this woman and her neighbor probably.

And they get this out of the blue. They might have heard something, but no one has ever sat down and said: Look, you know, you are... And we're going to take this over, and we're going to give you brand new houses, brand

new, shiny houses because your house stinks and is ready to fall down. Be different. Lady says the house doesn't stink and is not ready to fall down.

But at least notice. Dear Alberta Brown or current occupant. I mean, it is so impersonal.

(Applause.)

COUNCILMAN ORTIZ: You're taking a person's property away. This sounds like a government saying, you know: You, out of here.

This is not a democracy telling people. This is not about people that have given consent for their property to be taken.

This is government using its authority...

(Applause.)

COUNCILMAN ORTIZ: ...in a very dictatorial way.

MS. SMITH: They're taking my house. Give me money to put me out of my house.

COUNCILMAN ORTIZ: This is awful. This letter is impersonal. You can talk about process all you want. This process stinks. It stinks.

(Applause.)

COUNCILMAN ORTIZ: It shocks the conscience. And if you're not shocked by the plight that this woman brings here, then we have become very hardened.

VOICE IN THE AUDIENCE: All right.

COUNCILMAN ORTIZ: Geez.

VOICE IN THE AUDIENCE: Not going to take it no more.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Madam President, much of what I was going to say was said by Councilman Ortiz.

But I want to follow up on the process, Mr. Wetzel. I think if I lived in a neighborhood 45, 50 years, I would resist being relocated.

The point that Councilman Clarke made about people possibly coming back to the community or the same address: You know, it's amazing how we remember addresses. I can remember the street address where I was born, 6223 Morton Street. And I would like -- Anybody live there

now?

(Laughter.)

COUNCILMAN RIZZO: What I'd like to know is, I would assume in many cases the house that's going to be rebuilt at a location where someone's being relocated is sometime too much house for them to handle financially, the utilities and the maintenance but -- And again, you quoted the Federal relocation policy.

Is every effort, in your opinion, being given to bringing someone back to the street address that they've been relocated from or is --

MS. SMITH: No.

COUNCILMAN RIZZO: -- or is what I'm saying, it's just too much -- there's too much a differential from what their existing expenses are to the expenses that they'd be encountering, real estate taxes, heat, fuel, and all the other expenses of maintenance.

MR. WETZEL: No. Actually, to be honest with you, the new housing that's being constructed is much more energy efficient than the older housing, to be quite frank about that.

I think the important part here is

there's a planning process that is to be undertaken.

I think the Councilman mentioned it before. There's nobody imminently going to be moved.

This letter did not say we've acquired or have your property. It indicated that it is part of a process that requires an ordinance of City Council before that could happen.

But I would like to go back to his question. I think that the planning process that is undertaken will have a lot to do with who would have to move in order for the new houses to be built, and then how that opportunity to come back would be created.

I know I can't answer exactly that, but I do know that we have to give every person who's displaced from a project area the preference and the opportunity to return to that area.

COUNCILMAN RIZZO: Well, you know, we've given people that build parking lots tiffs that defer taxes. We've done a lot of creative things in government.

MR. WETZEL: Right.

COUNCILMAN RIZZO: And again, I don't know how many people we are going to affect, but I would hope that the Redevelopment Authority -- and I know that you follow the Federal guideline...

MR. WETZEL: Right.

COUNCILMAN RIZZO: ...that Philadelphia is a unique City. People love their neighborhoods. You know, you refer to Philadelphia no matter where you travel, the city of neighborhoods. People in many cases don't say they come from Philadelphia. They say they're from Germantown or Mount Airy or West Philly.

And I think that what we really have to do before we go -- You know, and I don't want to be an obstructionist. I don't want to stop progress. But that wouldn't be something that would be too hard to do, if people are being terribly affected. And I have to agree that this letter is, like, in such bad taste.

(Applause.)

MR. WETZEL: Councilman, I would like to go on the record, though, that in the fall hearings, there was criticism for the lack of

notifying individuals of the fact that there was going to be a hearing, that the only thing that appeared in the newspapers were advertisements.

And we were asked by this Council to send out a letter to the -- to the owners or the occupants of properties that were in ordinances, letting them know the date and time of a Council hearing on that particular ordinance. So we did that at the request of this Body.

COUNCILMAN RIZZO: Again, we said communicate. This is, again, not --

MR. WETZEL: Councilman, actually, we were told to send a letter to them with that information.

COUNCILMAN RIZZO: Well, I'm very pleased that you do everything that this Council asks you to do.

But my point again being is that I would appreciate personally, and I think my colleagues would appreciate, that we maybe think out of the box on this one and try to do more than the Federal guidelines.

Because again, these are people that have... I'll tell you: I wouldn't -- I'd be

sitting out there with them, if I weren't in this position here today.

(Applause.)

COUNCILMAN RIZZO: Thank you.

MS. SMITH: At the meeting they did tell us: We have no choice; we are out of there. In some cases you might have -- Don't shake your head because you weren't there. At 90 days they said --

COUNCILMAN CLARKE: Ma'am. Ma'am.

MS. SMITH: -- they going to have an appraiser to come in.

COUNCILMAN CLARKE: Ma'am.

MS. SMITH: They going to have an appraiser to come in and we will appraise it.

COUNCILMAN CLARKE: Ma'am.

COUNCILMAN RIZZO: You relax.

COUNCILMAN CLARKE: Councilman. Councilman.

Ma'am, I don't know what they told you at the meeting. And I'm shaking my head because I'm your Councilperson. And I'm telling you: You have a choice. The options were laid out.

There is no finite plan on what property is going to go, what property is going to stay. This bill -- Let me finish, because you said -- You know. And I'll be more than willing to listen to you all day.

But this bill authorizes the Redevelopment Authority to enter into an action. At the end of the day, there are going to be a number of properties people who have received letters who are not going to be moved. You know, this is early on in the process.

MS. SMITH: And you know what? I already --

COUNCILMAN CLARKE: That's all I'm telling you. All right?

MS. SMITH: That's fine. Because this is my house, and I'm going to get --

COUNCILMAN CLARKE: That's fine. You're doing what you're supposed to. Frankly speaking, I would be --

MS. SMITH: I will be out of my house and I will have nothing.

COUNCILMAN CLARKE: Ma'am, frankly speaking, I would be upset --

COUNCIL PRESIDENT VERNA: Miss Smith. Miss Smith, please, have the Councilman finish speaking.

COUNCILMAN CLARKE: I would be concerned if you weren't here, to be honest with you, if you got such a letter and you didn't come to City Council. I would think something's wrong with you. All right? You're doing what you're supposed to do.

But I'm telling you there's going to be a process. People will have an opportunity on an individual basis to meet with someone from Government.

If you need me to sit there in the meeting with you I will do that. All right. This is not the first time that we've done these relocations in the Fifth Councilmanic District and in the City.

And I can tell you personally I know one occasion where the individual in the process did not end up in a much better condition than they did.

The thing is, frankly speaking, that's concerned me about this process is that

most of the people -- not most but a lot of the people in the Fifth District who have been relocated have taken the money and moved to somebody else's District. My preference is to see them come back. All right.

So this is going to be a process. You know, I know you. You know, I know you've been in the community a long time. You will have an opportunity on a one-on-one basis, you know.

Nobody -- I'm not -- I'm your elected official. You voted for me recently. I hope you did. All right.

(Laughter.)

COUNCILMAN CLARKE: I hope you did. And I appreciate that. All right.

I'm going to be in this process. Nobody's going to get railroaded out of the community. All right. I'm telling you that. All right. Just give me -- I know I'm a politician, but trust me. All right.

(Laughter.)

COUNCILMAN CLARKE: All right. That's all I'm asking you to do. Okay?

COUNCIL PRESIDENT VERNA: Thank you.

Thank you very much, Mr. Wetzel.

Our next witness. Who is our next witness, please?

MS. HOWARD: Good afternoon, Madam President, Councilman Clarke. My name is Veronica A. Howard, and I live in North Philadelphia, and I'm part of your District, sir.

I live in the 1800, 1839 North Eighth Street, right across the street from the Philadelphia Gas Works. My family has been there since 1949. I'm the oldest girl of eight children. I have the property now.

I did want to say that I am a member of WCRP, before I get started with my story. The more situations I hear or the more testimony that I hear today is sort of like my situation. It reminds me of my own.

Because I live at 1839 North Eighth Street, I'm part of the Empowerment Zone, what they call Keystone. My home stands alone. I'm all by myself.

There is another house that connects the piping fence that connects two houses, and that's Miss Helen's house. She passed away. I'm

the block captain of my neighborhood and of my block. And as you see, that's only two houses at this point.

You have built beautiful homes in the 1900 North Eighth Street. They're still working on them and families are still moving in.

You have labeled the 1800 block with the piping fence, the wooden fence that you put around, and even planted trees.

I've been appraised or someone has come out from the Redevelopment Authority. But I have not been sent a letter, you know, forcing me out.

I'm here today to ask for more increase of money for the Basic System Repair Program. And I'm asking you -- I've been on your list, you know, several times; and I'm still on that waiting list.

I just would like the opportunity to reserve the house that I've lived in for all these years. I am a taxpayer. I have worked all my young life and married life, too.

I've raised three boys in Philadelphia County. And because I've done this,

and been an upstanding -- outstanding citizen, I've worked, I've paid my taxes, and I'm just trying to remain that way.

I can't do it unless you assist me. And I would love the opportunity to do so. That's 1839 North Eighth Street, Councilman Clarke. And I'm not here to beat you up, because I voted for you.

COUNCILMAN CLARKE: I appreciate it.

MS. HOWARD: Okay? You're welcome. Thank you very much.

COUNCILMAN CLARKE: You're welcome.

COUNCIL PRESIDENT VERNA: Thank you. Our next witness.

MR. CORIANO: Good morning. I greet you in the name of my Lord Jesus Christ. My name is Juan Coriano. I'm a disabled veteran. I receive Veteran's compensation.

I lived in the Seventh District of Philadelphia. I come as part of the Women Community Rehabilitation Project.

I would like to bring my testimony tonight as I ask the City Council, I need to increase money for the Basic System Repair and

other housing preservation program.

After living in my home for 16 years that's when I did all the necessary repair to have my home in livable condition and upkeeping all this time.

I called to have my roof coated, which was an expense for me. So now, after all this time I looked around and noticed that the ceiling... I have yellow stains, and also it's leaking.

So I seeked assistance with the Kensington Development Corporation for weatherization repair, to get my roof redone, and was directed to the Basic System Repair, which stated that I would be receiving a call from them.

After obtaining one of our meetings, one of my neighbors stated that he been waiting on the list for at least about seven years.

I'm asking that more money be -- go towards this program so I don't have to -- so I could keep my property in livable condition, not having the burden on me where the major repair as the roof leaking.

I appreciate it if you would take

our story into consideration so that the funding be available to speed up the process for assistance. Consider more money for Basic System Repair.

Thank you and God bless you.

COUNCIL PRESIDENT VERNA: Thank you. I think our last witness on this panel... Oh, is there somebody else?

What is your name, sir?

MR. KOPPISCH: David Koppisch.

COUNCIL PRESIDENT VERNA: I can't hear you.

MR. KOPPISCH: David Koppisch. I'm with this panel as well, WCRP.

COUNCIL PRESIDENT VERNA: Okay. All right, David.

MR. KOPPISCH: Am I not on the list?

Good afternoon, Members of City Council. Thank you for the opportunity to address you. My name is David Koppisch. I'm also with the Women's Community Revitalization Project. I have my testimony, as well as some other materials to submit, as part of my...

COUNCIL PRESIDENT VERNA: Can we

have a sergeant-at-arms deliver the testimony, please? Please proceed with your testimony, sir.

MR. KOPPISCH: Thank you.

So I'm with WCRP. I'm also serving as the coordinator for the Philadelphia Affordable Housing Coalition, which is a collective of more than a dozen organizations which together serve and represent thousands of people around this City.

Coalition members and allies have joined forces for the purpose of winning more public resources for affordable housing for Philadelphians living on less than $20,000 a year.

Honorable Members of City Council, today you've heard stores of individuals who are in immediate need of home repair and affordable housing.

Over the past year, the front pages of our major newspapers in the City have pointed to a crisis of affordable housing in our City.

Just last week from the Inquirer, Families... Shelter residents cannot find affordable homes.

From April, Study... City's housing

deemed unaffordable.

From last September, Report... Philadelphia not doing enough to house its poor.

And also from April, One in four Philadelphia households faces extreme difficulty finding affordable housing.

So, in addition to newspaper coverage, our own study commissioned -- that we commissioned of the University of Pennsylvania points to some startling statistics, some of which you've heard.

I'm just going to repeat a few of them. More than one in five households -- that's 130,000 households -- are living on incomes below $20,000 a year and pay more than they can afford for their housing. The majority of these Philadelphians are living in squalor.

One in ten Philadelphia households have serious physical problems with their housing, some of which you've heard here.

One in 20 Philadelphia households are forced to double up and triple up with other families because they cannot afford and find adequate affordable housing.

According to our studies, 60,000 new units of affordable rental housing would be needed now to fix this crisis.

The private housing market in Philadelphia simply just does not supply decent affordable housing for these households, and public resources to address these housing needs have been downsized or purposely redirected towards housing programs for moderate and even middle class households.

For example, PHA houses 15,000 fewer families than it did ten years ago. They've demolished 7500 units during this time.

On the other hand, the Office of Housing and Community Development does help increase the stock of affordable housing by financing the creation of approximately 300 units of new affording rental housing each year.

But at this current rate of production, it will take almost 180 years to meet the current need of affordable rental housing, according to our study.

If this is not a crisis, I do not know what is.

And while the Year 29 OHCD and NTI budget alone cannot solve this crisis -- we are aware of that -- there are key programs and line items within this budget which do help create and preserve permanent affordable housing.

In light of this, the members of the Philadelphia Affordable Housing Coalition are imploring that Council take a modest and extremely significant step today.

We implore you to consider reprogramming $10 million in unspent demolition funds from fiscal year 2003 into three other OHCD programs that would directly meet the affordable housing needs of low income renter households across the City, in the following manner:

$2.5 million to be added to the neighborhood base rental production line item which would help create an additional hundred units of affordable housing.

$5 million extra to be added to the emergency repairs preservation weatherization programs, which could preserve and repair a thousand currently occupied homes.

And $2.5 million to be added to the

adapted modification line item which would allow 167 disabled individuals to remain in their homes.

Here is our rationale for reprogramming the $10 million: We understand that $15 million in earmarked demolition funds for fiscal year 2003 will go unspent.

Also, while yearly demolition goals for NTI have been reduced by 45 percent, the budget for residential demolition has only been reduced by six percent.

We believe we could find more money if we reduce proportionately in demolition goals.

Lastly, overhead costs, including insurance for the demolition initiative, will cost $27 million or 17 percent of the $152 million in both residential and commercial demolition over five years.

We believe that these overhead costs could be reduced so that savings can be found and reprogrammed into actual production and preservation of housing.

Furthermore, $5.3 million was found by the Administration since the preliminary OHCD budget was presented in May.

Some of this we understand was increased state HRA money, and some of it is from larger than expected OHCD program income.

Instead of plowing this $5.3 million right back into housing production and preservation, we understand that $2.8 of this million is going to go into administrative costs, in effect restoring administrative cuts that were made earlier this year.

We believe that this money must go back into programs directly addressing our housing crisis.

In conclusion, reprogramming $10 million in unspent demolition and/or savings from overhead costs into proven housing production and preservation programs will directly meet the immediate housing needs of low income Philadelphians and at the same time prevent blight and stem population loss.

Reprogramming money in this way will also directly help meet the crucial NTI goal, which we support, of producing 3500 new units of affordable housing over five years.

Therefore, Members of Council, we

implore you to consider our proposal and help fight the affordable housing crisis in our City. Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Brown.

(Applause.)

COUNCILWOMAN BROWN: Thank you, Madam Chair.

Could a member of the Administration please respond to the $15 million earmarked demolition funds that did go unspent, why was it unspent, and why not reprogram?

COUNCIL PRESIDENT VERNA: I would like, Councilwoman...

COUNCILWOMAN BROWN: Yes.

COUNCIL PRESIDENT VERNA: We will be questioning the Administration after we have heard the many groups that have been sitting here all day.

COUNCILWOMAN BROWN: Very well.

COUNCIL PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Mr. Koppisch, I'm looking at the FY'03 budget projected versus actual on Page 8. Is that where you're getting the $15 million unspent figure from?

MR. KOPPISCH: Yes, it is.

COUNCILMAN NUTTER: Got 35 in residential, 3 in large vacant, so that's 38. And the budget is showing 23 being spent.

And then you made reference to, I thought, some other dollars? Or maybe you were talking about where the 10 would actually go.

You're saying that two and a half million dollars will completely finance a hundred additional units of affordable housing or that would help to finance?

MR. KOPPISCH: It would help to finance.

$25,000 per unit, roughly, is what the City finances to help create, for all of those units.

COUNCILMAN NUTTER: All right.

MR. KOPPISCH: So if that financing

is in place, the rest comes in line. So it's the needed money from the City to help create affordable renting units.

COUNCILMAN NUTTER: And the money for emergency repairs, preservation and weatherization.

Now, this is all... This is all from the lines in the Year 29 program, right?

MR. KOPPISCH: That's correct. It includes BSRP, weatherization, heater hot line, those programs.

COUNCILMAN NUTTER: I'm looking at Page 222 in the Year 29 Plan. I've got a housing preservation column, letter b, emergency repairs, preservation and weatherization. Is that the line we're talking about.

MR. KOPPISCH: That's it. Yeah, that's the category we're talking about.

Most of those programs do help preserve housing for very low income families. But as you've heard, there's a waiting list on most of those programs that are in the years' long.

COUNCILMAN NUTTER: All right. And

where is -- And then there's the adaptive mod?

MR. KOPPISCH: I believe the adaptive mod line item is under the special needs housing category.

COUNCIL PRESIDENT VERNA: Page 223.

COUNCILMAN NUTTER: All right. Okay. So most of these items, though, have kind of multiple subcategories. I mean, there are nine different things under emergency repairs and preservation, and there are letters a through I.

MR. KOPPISCH: Under...

COUNCILMAN NUTTER: Oh, I'm sorry.

But you're just specifically looking at f on adaptive modification.

MR. KOPPISCH: Correct.

COUNCILMAN NUTTER: And the $5 million you're talking about for emergency repairs, preservation and weatherization --

MR. KOPPISCH: We would recommend --

COUNCILMAN NUTTER: -- that's a complete category in and of itself.

MR. KOPPISCH: Right. We would recommend that most of that would go to the BSRP. program, tier two BSRP program.

COUNCILMAN NUTTER: So that's B-3.

MR. KOPPISCH: Correct. So there's three line items: The neighborhood base rental production, which is one line item.

COUNCILMAN NUTTER: That's on 221.

MR. KOPPISCH: Right.

COUNCILMAN NUTTER: B-1.

MR. KOPPISCH: The adaptive mod which is one line item; and then the BSRP tier two.

COUNCILMAN NUTTER: Okay. All right. I was just trying to see where these different things are.

And this is a request to move dollars around between NTI and CDBG categories, but there's already an NTI line in the CDBG book, because we're obviously using some NTI funds for CDBG related or type programs.

MR. KOPPISCH: Mm-hmm.

COUNCILMAN NUTTER: Okay. All right. I'm just trying to understand where the different items are.

MR. KOPPISCH: Okay.

COUNCILMAN NUTTER: I understand.

MR. KOPPISCH: As I mentioned, there is some other places where we think money could come from for this.

As I mentioned, the five point three in addition that was found or located since the preliminary plan, two point eight of that we understand is going to go back into administration. We believe that that money could go directly to affordable housing production.

COUNCILMAN NUTTER: Okay. All right. Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions of this witness?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing none, I believe that concludes the first panel.

MS. LEWIS: No.

COUNCIL PRESIDENT VERNA: Oh. Eve Lewis.

MS. LEWIS: Good afternoon, Council President.

COUNCIL PRESIDENT VERNA: Good afternoon?

MS. LEWIS: Madam Chair, Members of City Council.

My name is Eve Lewis. I am the NEK Director for the South of South Neighborhood Association.

On behalf of the board of the South of South Neighborhood Association, I am here to testify in support of the City of Philadelphia Office of Housing and Community Development Year 29 Consolidated Plan and the Mayor's Neighborhood Transformation Initiative.

My testimony specifically concerns the targeted Basic Systems Repair Program grant, a new initiative utilizing NTI funds created to stabilize and preserve neighborhoods, of which SOSNA is a recipient.

SOSNA service area, referred to as Southwest Center City, is comprised of census tracts 13, 14, and 19, and includes the area from South Street to Washington Avenue, and Broad Street to the Schuylkill River.

Southwest Center City is in the

midst of extensive reinvestment and rapid change. Long abandoned houses and vacant lots are being reclaimed, and developed houses are listed for sale at prices unimagined only a few short years ago.

While these changes are breathing long overdue new life into the neighborhood, they bring risk as well.

Many long-time residents in the neighborhood cannot afford to maintain their properties and are the targets of speculators trying to buy houses at bargain rates.

Through it's Nek and Housing Counseling Services, SOSNA has worked to assist many residents to improve their homes, through the Basic Systems Repair and PHIL loan programs.

However, we have found that many residents have income levels that are too high for the City-wide basic systems repair program, but too low to make unassisted home repairs a reality.

SOSNA recently was one of ten CBCs chosen to receive a TBSRP or Targeted Basic Systems Repair Program grant, which addresses the needs of those residents whose income is up to 80

percent of the median income.

The program preserves the existing housing stock and enables long-term moderate income residents the opportunity to maintain and upgrade their homes, thereby stabilizing our community, while mitigating some of the negative effects of gentrification.

The Targeted Basic Systems Repair Program will have a major effect on Southwest Center City.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you.

Our next witness.

MR. McPHERSON: Second panel, Sherry Honkala, Alicia Christian.

COUNCIL PRESIDENT VERNA: Good afternoon.

Please identify yourself for the record.

MS. HONKALA: My name is Sherry Honkala, and I'm the Director of the Kensington Welfare Rights Union. I'm a former homeless mother, who has been working with poor and

homeless families in Philadelphia now for over a decade.

Because our City has absolutely no affordable housing, I am forced on a daily basis to move families into abandoned HUD properties and to build encampments to keep families alive in the Philadelphia area.

This, of course, is a difficult process, especially because I just came off of a trial a month ago in which some Council Members, thank God, sent letters to the judge, after the City spent an entire year trying to incarcerate me for six months because I housed a mother who had a high risk pregnancy with her three children because she had a felony drug conviction and she had absolutely nowhere to live in the City of Philadelphia.

So like victims of domestic violence or just poor folks who just can't afford to pay rent for housing families in Philadelphia, I almost went to jail for six months.

A third of our population has absolutely no affordable housing. What are we going to do about it? This section of the

population matters.

Today we want Council to show that they don't want women and children on the streets or the disabled imprisoned in nursing homes.

(Applause and cheers.)

MS. HONKALA: Or homeless people doing life sentences in the shelters.

We want you to take $10 million in the unspent demolition funds and apply it towards affordable housing.

(Applause and cheers.)

MS. HONKALA: If this can't be done here and now, then we need to hold an emergency hearing and come up with a solution.

With cuts in Section 8, full shelters, and no affordable housing, we will not just sit by. This hearing should be about solutions, not reelections.)

(Applause and cheers.)

MS. HONKALA: The crisis is in black and white, not some made-up crisis. You're not homeless now and you're not in need of affordable housing, or living in a nursing home or in a homeless shelter.

You won't settle for the streets for your family, and we won't either.

(Applause and cheers.)

MS. HONKALA: We won't wait on waiting lists. We will not wait for this section of the population to have someplace to live that they can afford.

And on behalf of KWRU, DIA and Liberty Resources, we demand that Council come up with the money. We don't care what pocket they come up with the money from; but somewhere, anywhere, because we matter.

(Applause and cheers.)

MS. HONKALA: To ensure that this money goes towards affordable housing here and now. Or like I said earlier, hold an emergency hearing to hear from this third of the population. And maybe it should be at the Convention Center or someplace else that everybody could participate and attend.

I apologize in advance for holding things up today, but we can't wait for 180 years to come up with solutions. But real families, not staff people of programs, of homeless shelters, of

community development corporations, of you-name-it: Actual people that have no place to live or can't pay their rent.

They need some place that they can afford to have some place to live tonight. DIA, KWRU and Liberty Resources intend to go nowhere today until we get some answers for a third of the Philadelphia population that matters.

(Applause and cheers.)

COUNCIL PRESIDENT VERNA: Thank you.

Our next witness.

MS. ENGLISH: Hello. My name is Rhia English. I'm up here to tell my story. I am one of the homeless people. I have an 18-year-old son, and Section 8 would not house me and my son.

I live in a home with two other families, a lady pregnant with her little girl, and another lady with two other children.

It is very overcrowded in there, and I need my own place. And I need somewhere where it's safe and affordable for me and my son.

Just because he's 18, that's no reason to turn me away, because he's still in school. He's not selling drugs. And I'm keeping

him with me. Okay?

Because I mean, he's not adult to go out on his own, because I'm 38 and I can't even make it on my own.

So please help me and my son and the two families that's in my home.

Thank you.

(Applause.)

COUNCIL PRESIDENT VERNA: Thank you.

Please identify yourself for the record and proceed with your testimony.

MR. SCHRODE: My name is Jimmy Schrode, and I'm President of Disabled in Action; and we're a proud member of the Philadelphia Affordable Housing Coalition.

We support the goal of having the City of Philadelphia create affordable, accessible housing for people with disabilities, for people earning $20,000 a year or less which is a third of Philadelphia's population.

I am also the Chair of the Housing Crisis Committee that is comprised of representatives from the Housing Consortium for Disabled Individuals, McGhee Rehab Hospital,

Disabled in Action of Pennsylvania, Incorporated, the Office of Housing and Community Development, the Philadelphia Housing Authority, and the Office of Emergency Shelter and Services, and the Philadelphia Health Management Corporation.

We meet once a month on the fourth Thursday to present people in housing crisis. A housing crisis is defined as living in an inaccessible home, paying more than 50 percent of your income for rent, and facing eviction from not being able to pay your rent, or the home being declared imminently dangerous by Licenses and Inspections, and so on.

We've had anywhere from 6 to 17 people with disabilities presented each month.

I'm here to present testimony regarding what I feel has been the shameful exclusion of people with disabilities in this year's Consolidated Plan budget, and the budgets past.

In many years I've been testifying at these hearings. I feel that we have -- what we ask for has been ignored. It is clear that the current head of OHCD is not even going to try to

meet the needs by passing the status quo budget year after year.

Therefore, I'm imploring you, City Council, to hear us. People with disabilities need housing. We have a housing crisis for people with disabilities in the City of Philadelphia.

There is not enough housing to meet the need of what OHCD reports as over 66,000 people with disabilities who are in need of permanent, affordable and accessible housing.

There is an oversight in the NTI demolition budget. We requested that that $10 million be earmarked in the following way:

Give an additional $2.5 million to the Access Modification Program. This would bring the current total to $4.8 million that would help reduce the over 700 plus people on its waiting list.

Clearly, as it's funded, people with disabilities have to wait at least five years to seven years to get a modification done to their home that would make it accessible for them.

A lot of them can't wait, and they're in danger of going into a nursing home

because they cannot get in and out of their house or even use the features of their house.

We're asking that you dedicate $2.5 million to the creation of new housing for people who earn less than $20,000 a year. Please make sure that that housing is at least 15 percent wheelchair accessible, so as to provide housing with people with disabilities.

Please dedicate $5 million to the Basic System Repair Program, since this would help low income houseowners keep their houses from becoming eyesores that will at some future time need demolition.

Lastly, the insanity with the Section 8 program must come to an end. Why is Carl Green trying to hurt poor people in the City and promote homelessness?

(Applause.)

MR. SCHRODE: The Section 8 program is in severe danger of being cut by 2100 vouchers, that people who are homeless and near homeless desperately need.

Currently the City provides only shelter and transitional housing. There is no

permanent, affordable accessible housing in the City of Philadelphia.

The rents in Philadelphia are priced well beyond the means of most working poor to afford, as well as being expected to buy groceries, clothing, provide transportation to school children, and working adults, utilities and medical care.

If you could see the places that are approved for Section 8, you would wonder what the inspectors have been smoking.

(Applause.)

MR. SCHRODE: Slum landlords who have been allowed to let properties go to the point of dilapidation have been asking princely rents for places unfit for human habitation.

Struggling to get by, we vilify the poor for not being able to live according to middle class standards, for not having $60,000 a year jobs.

We blame people for living like animals, when we turn aside from landlords who don't maintain their properties.

Instead, we pull the carpet out from

under them before they even get a chance to regain footing, send them back to the shelter, deny them Section 8, and subject them to social services because they aren't capable of getting their life together. What kind of vicious vindictive game is this?

(Applause.)

MR. SCHRODE: Limiting Section 8 to seven years will destabilize families, hinder growth independence, and place people at the mercy of institutionalization.

Getting rid of Section 8 to placate gentrified homeowners is criminal. Allowing people to languish in a system that has no answers, and yet penalizes the poor because they have no resources is outright inhumane. Stop the madness. Do something about this today.

COUNCIL PRESIDENT VERNA: Thank you very much.

(Applause.)

COUNCIL PRESIDENT VERNA: Councilman Ortiz.

COUNCILMAN ORTIZ: It was announced last week -- And we don't have real information

about it -- but that PHA is reducing the level of Section Eight vouchers that it has from, I think -- and correct me if I'm wrong -- 2400 to 700 or 2500. These are the new additions. And that that will be a saving of $16 million, I think it is. And again, I may be wrong.

Daily News today had an editorial about it saying that this is very progressive and that this is going to lead to affordable housing down the road for poor people in the City of Philadelphia.

Now, the way these $16 million that are not going to Section 8 vouchers are going to be used are going to promote the building or the structuring or rehabbing or the availability of more affordable housing in the City.

And you're in the business. You're the advocates of the people out there. Give me your insight into this, and both of you. What is it being done for? And do you believe what the editorial says, that $16 million will lead to more housing down the road? Maybe 25, 80, 50 years from now. I don't know when.

But we need housing today. We need

Section 8. And I want to know what this does. And it does mean that over 2,000 units will not be available from all the other units that have already been eliminated.

And what is going to be the impact? Because PHA is not going to be here to testify about any of these plans. And most of the housing in NTI that is being built is going to be PHA, and they're not going to be testifying because Mr. Carl Green refuses to come to this body. So tell me.

MS. HONKALA: Yes. Well, let me see. You weren't here earlier, but I just want to make it clear to Council that we're not here because we want to create any kind of problems or whatever.

But we really don't see ourselves going anywhere, and probably having to just move in here to Council Chambers again until we decide how we're going to solve this problem today.

Because I'm now up to 70 some arrests for trying to house people in Philadelphia. Something is wrong with that.

(Applause.)

MS. HONKALA: Something is wrong.

Some of you Council Members have been subject to me just coming in on some days with groups of homeless families or individuals and saying: Tell me where they can live.

I've gone to individual Council Members here -- and you know who you are -- and some -- most of them are missing, that have homeless people in their District and saying: Please. Somebody lives in your District. They're going to become homeless. Can you tell me where they can live? Where can they afford to stay in your District?

And most of you can't give an answer, because there isn't anything. And we've got to stop ignoring a third of the population in Philadelphia.

We are gentrifying this section of the population out of this City. We can't afford to live anywhere, not even on the damn moon. And we've got to stop doing it, you know.

They're going -- They're feeding right into the racial discrimination around Section 8. Somehow Section 8 is sacred. It

doesn't have to go into different parts of Philadelphia.

And absolutely: What I see is right now I never dreamed, at 40 years old, that I would be moving two and three and four families into abandoned houses across the City of Philadelphia and doing it full-time.

Because we don't have any place for victims of domestic violence to go. Because we don't have anywhere for people that are in wheelchairs or have disabilities to go.

Because we don't have any place for just any human being like Rio or like Margaret or like, you know, any of the other people that we brought here today have no place to go in Philadelphia.

And they don't want to do life sentences in shelters. We've only found out that if you go into a shelter in Philadelphia it doesn't mean that it's going to lead to affordable housing.

So something has to be done. And with these cuts in Section 8, something really has to be done.

And so, just like we hold emergency sessions on other kinds of issues, we can come up with the money for Convention Centers and stadiums and a whole host of other things.

We have a moral responsibility not, just to kick it back to the states or the Federal Government.

And by the way, we were the first people to head down to Washington to hold the City and to demand that the Federal Government do something about allocating money for affordable housing.

So we don't want to hear what Councilman Clarke was referring to earlier, that we need to just put more pressure on the Federal Government and on the states. We're involved in putting pressure there as well.

But we here in the City of Philadelphia, all of us, have a responsibility; and there should be no other primary issue.

Because a kid can't get an education, they can't get a job if they don't have a damn place that they can afford to live.

(Applause and cheers.)

COUNCILMAN ORTIZ: I take it that you don't like the elimination of the 2,000 Section 8 vouchers, then. Is that your answer to that?

MS. HONKALA: Absolutely.

COUNCILMAN ORTIZ: Okay.

MR. SCHRODE: And Mr. Ortiz, if I may --

COUNCILMAN ORTIZ: The $16 million that are going to go somewhere else.

Go ahead, sir.

MR. SCHRODE: The $16 million. That's very good. Where is it going to go? Into NTI? Into another smoke and mirrors program that promises the moon and the stars and delivers nothing?

COUNCILMAN ORTIZ: It's going to go to teach manners to people that have no --

MS. HONKALA: We're going to come up with more concepts like Housing Ready. Maybe somebody needs Lifestyle management.

How become just providing affordable housing?

MR. SCHRODE: That's the big

problem, because I read in the Inquirer, who had a very lucid piece that asked very hard questions, unlike the Daily News that just likes to be a rubber stamp for whatever somebody happens to say, that they feel that their kangaroo jury of an audience loves to hear.

But it brought up very valid points. The fact is that Section 8, people are targeted on Section 8 specifically because they're poor.

You have families who got Section 8 who came out of the shelter with nothing but the clothes on their back, moving into a house and they barely have any possessions.

And then you have neighbors calling up talking about those people on Section 8 don't know how to live right. They don't know how to do this. Look at them. They don't even have any furniture.

We criminalize people who are being poor. We punish them. And then what do we do? We put them in the shelter for another two years and we give them more social services to teach them how to live their life.

How can you live your life when you

don't have a chance to get a job, when you don't have a chance to get housing, when you don't even have a chance to get health care?

COUNCILMAN ORTIZ: Section 8 --

(Applause.)

MR. SCHRODE: You have people who have been in shelters for six to ten years because there is no place for them to go, no place, no affordable permanent housing anywhere.

COUNCILMAN ORTIZ: We have in this City politicized Section 8 to such an extent. We have made it a litmus test, a racial litmus test almost. People don't want Section 8 housing in their neighborhood.

COUNCIL PRESIDENT VERNA: Excuse me, Councilman Ortiz.

COUNCILMAN ORTIZ: And I think --

COUNCIL PRESIDENT VERNA: Councilman Ortiz.

COUNCILMAN ORTIZ: Yes.

COUNCIL PRESIDENT VERNA: Councilman Nutter has a point of information.

COUNCILMAN ORTIZ: Go ahead.

COUNCILMAN NUTTER: Thank you,

Councilman.

Question to the witness. I'm sorry. Did I hear you say that there are people who have been in this shelter system for six to ten years?

MR. SCHRODE: People keep going in and coming out and then going back in because there's nowhere to go. There's no permanent housing.

COUNCILMAN NUTTER: But you're not talking about a continuous six to ten years.

COUNCIL PRESIDENT VERNA: No.

COUNCILMAN NUTTER: You're just talking about over a six- to ten-year year period of time in and out, in and out, in and out.

MR. SCHRODE: They go back several times, because there's no affordable housing. You come out; you're expected to find some affordable housing. You can't find it.

A lot of people will stay with their family members, try to keep out of the shelter again, and often end up back there, sir.

COUNCILMAN NUTTER: I understand. I just wanted clarification on that. I'm sorry. Thank you.

MR. SCHRODE: You're welcome, sir.

COUNCILMAN NUTTER: Thank you, Councilman.

COUNCILMAN ORTIZ: Yes. Section 8 has been a very successful program over the last 50 years to move people into affordable housing.

And now it seems we have made it sort of a racial litmus test. And we have, I think, made a political decision to accept certain neighborhoods where the housing is, from the Section 8 housing.

And I believe -- and I think that part of the motivation of cutting back on the coupons goes towards that. And it goes towards limiting the amount of blacks and Latinos who move into certain neighborhoods because --

MR. SCHRODE: And disabled people.

COUNCILMAN ORTIZ: And disabled people, because they are the people who need the Section 8 vouchers.

So I still didn't hear -- You know, I'd like to hear... The $16 million that are supposed to go to vouchers are going to go somewhere else.

We don't have any way of asking the PHA director, really, how they plan to use that money, except these little blurbs that we read in the papers: They're going to go counseling of the tenants, counseling of the landlords.

But it's a hell of a lot of money. And I think it's in a situation in which affordable housing is not available.

And the affordable housing that there is is in certain neighborhoods across the City where white folks and other individuals live.

It's sort of a criminal situation to make a political deal to not allow Section 8 to go all across the City, as it should be.

So I'd just like, really, your opinion as to how do you view that because you're the only -- you're the folks who need Section 8. You're the advocates. You're the leadership of the advocate organizations.

And I really haven't heard a heck of a lot since the plan was announced a week ago about it, from anybody, even from the advocate organizations across the City.

MR. SCHRODE: I find it

unconscionable that you could have somebody who is the head of a City organization that feels like they don't have to answer to anybody but themselves and acts as if they've been appointed God or a dictator for life, and does what they please to the people of this City.

It blows my mind that the fact that the City of Philadelphia should be over the Philadelphia Housing Authority -- and I know it's one of those funny state charter kind of things.

But you know, I mean, something has to be done. Somebody has to draw the line somewhere. I mean, the City of Philadelphia violates the Fair Housing Amendment with the way that the Section 8 program has been running.

Now we're just going to have more people who are just going to suffer because of this. And nobody can bring the head of PHA into tow? He doesn't have to say anything to anybody? And yet, the City of Philadelphia pays his salary.

MS. HONKALA: Right now, quite frankly, Councilman, we've been engaged in discussions with international human rights organizations around housing rights issues in

Philadelphia, because we think that they're devastating and we really need some outside help, to monitor what's taking place here because it's really out of control.

And so, yes, absolutely. I mean, the housing discrimination is, you know, really terrible. And many of the classes that are taught at different programs in the City of Philadelphia are actually members of our organization where they used those classes to teach about what housing discrimination is about.

And we've been through some very -- You know, the Human Rights Commission, if they were here, they would be able to testify that we've had to involve them in helping us with, you know, two or three different bomb threats, those kinds of things.

And a major campaign that was launched against us, in terms of advocating for different families to live in different sections of the City because they have Section 8 certificates.

But the thing is, again, I think that something has to be done about Carl Green. I

think Carl Green... He doesn't talk to anybody. He doesn't meet with anybody.

We're concerned about where that money is going to go as well. And I think that we have a responsibility to find out exactly where those dollars are going to go.

I think it's not okay for him just to be given a blank check and decide that they're going to come up with all these wishy-washy programs, when the real issue that we're doing with in Philadelphia is that we don't need any more... We don't need any more of this other stuff.

What we need is affordable housing. People because they're poor don't lack work ethics. They don't value their children less. And they don't want less things for themselves and their families.

What we need in Philadelphia is, we need to invest in providing more decent, accessible, affordable housing. That's the bottom line. That's the problem.

And we have to stop coming up with things like more money for administrative costs.

You know, we could cut a great deal of jobs, you know, and apply that money towards the development of affordable housing.

People are poor. If they had access to affordable housing, we'd have a better City and productive citizens living in it.

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you very much.

MR. McPHERSON: Our next witness is Constance Licktish.

COUNCIL PRESIDENT VERNA: Is Constance here?

(No response.)

COUNCIL PRESIDENT VERNA: Please go on, Mr. McPherson.

MR. McPHERSON: Alicia Christian.

MS. CHRISTIAN: Yes.

COUNCIL PRESIDENT VERNA: After Alicia Christian, will be Rachael Cohen.

Good afternoon. Please identify yourself for the record and proceed with your testimony.

MS. CHRISTIAN: Good afternoon. My name is Alicia Christian, and I am currently a

volunteer with Dignity Housing.

I am, when paid, the Executive Director. And I am a co-founder. But since I am functioning as a volunteer, laid off because of lack of resources, I will introduce myself in that manner.

This is Lynn Collins, who is a tenant in the Dignity Housing Program.

I am pleased to be here to testify and provide comments on the Year 29 Consolidated Plan. And before we begin, I would very much like to thank Members of City Council who supported Dignity in its effort to get a restoration of a cut in social service funding and the social services contract from OHCD.

You will note that the Year 29 Plan reflects a restoration of that commitment. There is a commitment of $50,000 from the Office of Emergency Services that's warranted for supportive services that we hope will continue and we hope to garner as much support in pressing for a continuation of that grant.

Dignity Housing provides affordable housing and social services for homeless and low

income families in the City of Philadelphia.

Since our founding in '88, we have helped more than 1500 men, women and children. I'd like to embrace the testimony of the Philadelphia Affordable Housing Coalition. In fact, I will embrace that testimony.

There is not enough affordable housing. But what Dignity and many of the other community development corporations do valiantly, and I believe successfully and well, is but a drop in the bucket.

More is needed. And until there is a holistic commitment to affordable housing for the thousands of families and individuals in the City who need it, there will always be a bottleneck in other systems.

There will be social service and housing development programs like Dignity that struggle to provide supports that are supposed to lead to permanent affordable housing upon graduation, and find that many of our residents may have no place to go.

We would like to encourage City Council to also embrace the agendas of the... and

the mission of the Philadelphia Affordable Housing Coalition, and the mission and statements to be submitted by the -- that have been submitted by the Philadelphia Association of Community Development Corporations -- the Philadelphia Association for Community Development Corporations. Dignity is a member of both groups.

We are here really because many of the people in this room and you are there. More than -- Less than three weeks ago, I felt that we would have to close the doors of Dignity Housing after 16 years.

And we have been pulled back from the brink by persistence, by advocacy, by the only self-interest that really mattered, the self-interest of the low income men, women and children in our program who I believe paid City Council a visit some three weeks ago and passionately argued their own cause.

But we are far from in total recovery. We have an inventory of 160 homes and apartments. Some 50 to 60 of those homes and apartments require additional repairs.

And rather than join the legion of

slumlords in the City of Philadelphia, in terms of creating substandard living conditions for tenants in our programs, we will lock and board up doors until we get the resources to ensure that our name becomes the symbol of the quality of life for all the residents, that is, living with dignity in a dignity unit.

(Applause.)

MS. CHRISTIAN: We received Section 8 grants, but they are far too low to cover the real cost of managing homes and apartments that are virtually and literally in every section of the City of City of Philadelphia, nearly in every Councilmanic District.

We are heartened by the restoration of social service funding, but we face almost $100,000 in payables. This was a rough winter. It was rough on the units that we have in West Philadelphia, North Philadelphia, South Philadelphia, Manyunk, Mount Airy, Olney, Oak Lane. We are all over the place. And we're far from out of the woods.

We are here not only to thank you for your past support, but to indicate that we

need a continuing commitment from Council and from a number of City agencies in order to really fulfill the Dignity mission.

We need an immediate infusion of seventy-five to $100,000 to pay off some of those bills and to restore and repair properties, and to restore laid-off staff.

We need a commitment to work with the Redevelopment Authority so that 44 of the properties that we manage, which are currently owned by the Redevelopment Authority, are pulled out of that inventory, entitled to Dignity Housing, so we can begin to work with other entities to get the resources needed to repair them. They are not going to pay us to continue to subsidize City properties. They aren't. We need --

COUNCIL PRESIDENT VERNA: A question. How many properties did you say you have in inventory?

THE WITNESS: There are 160 Dignity owned -- There are 160 units in our inventory, over 130 properties. When I say "units," it's because some of them are apartments.

88 of those properties or 105 units belong to the Redevelopment Authority. They were committed to the Dignity Housing Program in '88 under a -- And the resources used to acquire and rehab those properties by the RDA were drawn from a bond issue.

There are a number of City officials of good will. Secretary Kevin Hanna, Joyce Wilkerson, Herb Wetzel, who are really doing their best to try to figure out how to unravel this dilemma.

But our time frames for addressing these issues really may be different. We operate with a sense of urgency. We cannot continue to support declining properties or we will find ourselves not viable at all as an agency. We really need a solution to this issue, and we need it in 120 days.

COUNCIL PRESIDENT VERNA: Thank you very much.

MS. CHRISTIAN: The City has garnered a good return on its investment from the Dignity Housing Program.

And I'd like to introduce Lynn

Collins, who is a Dignity tenant and proof positive that Dignity works and works well. Lynn.

MS. COLLINS: Good afternoon.

COUNCIL PRESIDENT VERNA: Good afternoon.

MS. COLLINS: My name is Lynn Collins, and I am at present a Dignity resident. But I am also a formerly homeless woman of three children.

And what bothers me about this whole thing, when I hear everybody talk about it, is that too often we don't talk about the children who get affected by these women or these families who are going to now be homeless because of financial situations that we sit back and we argue about, when I think that the real issues are the future.

If we are to invest in our future, Dignity has given me a sense of belonging. It is because of Dignity that I'm even here now and able to sit in front of City Council to find out what it's all about.

And while I hear people talk about how it's not about election, it is. Because when

election time comes up, Council Members or whoever have no problem coming out to these places to ask us to vote for them because of all the promises that they want to give to us.

And all we're asking is that if we give, then why can't you give? Put back into us as we put back into you because God forbid that anyone should ever find theirself homeless.

A lot of times when we think about homeless people, we have a broad idea of what we think that is. But no one ever knows when they may find theirselves in that very situation and be in need of some of these services that they are about to cut at this very moment.

So my urge is that, please help us to invest, not only into the women but into the children as well, and to help us to help them to become productive members of society and members who vote as well, because our children only mock what they see.

And what we're trying to do is, we're trying to end this vicious cycle of homelessness. We can not afford to see another child out on the street. Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much.

Our next witness.

MS. COHEN: Good afternoon. I have copies of my testimony here, if somebody wants to distribute them.

I'm here today representing the People's Emergency Center Community Development Corporation, and especially Gloria Guard, our President.

I appreciate the opportunity today to present this testimony. To conserve time, I'm just going to highlight a few of our key points.

COUNCIL PRESIDENT VERNA: Thank you very much.

MS. COHEN: You're welcome.

You can feel free to read the rest of it in the written copy.

First I would like to commend the Administration for continuing to include the homeless and special needs set-aside and maintain their special needs development financing.

The set-aside for homeless and special needs housing has had a tremendously

positive impact, in terms of assuring new housing units for the homeless, increasing development capacity among special needs providers, and significantly increasing the Federal Dollars coming into Philadelphia for special needs projects.

We would also like to applaud you for the increase in the overall NTI acquisition budget, specifically for the amount targeted for CDCs for the spring acquisition.

CDCs have a long-term commitment to identifying and meeting neighborhood needs and have impressive development track record.

However, the NTI acquisition funds are limited, as other people have already said today. And we encourage you to develop a long-term acquisition funding strategy, which will ensure that there will be sufficient funds to acquire properties to redevelopment in future years.

Addressing the severe shortage of decent, affordable housing and transforming blighted neighborhoods requires a balanced set of interventions, including housing development,

rehabilitation, and preservation.

As one of the recipients of this year's Targeted Basic Systems Repair Program, we'd like to thank you for increasing the funding for this program.

Creating financial means for current homeowners to improve their homes is essential to revitalization efforts. This program is allowing us to help residents create wealth in their community, prevent vacancies, and build upon past public and private investment.

We greatly appreciate all that you have set aside for CDCs, and we encourage you to continue to set aside specific funds for CDCs, because we believe it would play an important role in bringing in additional funding to the City.

COUNCIL PRESIDENT VERNA: Thank you very much. Are there any questions of this witness?

(No response.)

COUNCILMAN PRESIDENT VERNA: Seeing none --

COUNCILMAN COHEN: Madam President, may I have a point of order?

COUNCIL PRESIDENT VERNA: Point of order.

COUNCILMAN COHEN: Yes. I note this clock is at 3 o'clock. I understand that we were scheduled to have hearings on the library today at 3 o'clock.

I know we have many witnesses who have been waiting for hours to be heard, who are anxious to know what we're going to do on this bill.

And I wonder if we can have some ideas as to what the schedule will be so that people can go about their ordinary life.

(Applause.)

COUNCIL PRESIDENT VERNA: Well...

COUNCILMAN COHEN: Could we work out or could you, Madam Chair?

COUNCIL PRESIDENT VERNA: I think we've had people waiting since 10 o'clock.

COUNCILMAN COHEN: Yes.

COUNCIL PRESIDENT VERNA: I think we're going to have to go through with the list of witnesses that we have. I don't know that we'll ever get to the Administration today, but I do

believe that we should hear the witnesses that have been sitting here very patiently since 10 o'clock this morning.

COUNCILMAN COHEN: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

COUNCILMAN COHEN: I just wanted clarity.

COUNCIL PRESIDENT VERNA: Thank you.

Our next witness.

MR. McPHERSON: Laura Weinbaum. Phil Lord.

COUNCIL PRESIDENT VERNA: Is Laura Weinbaum here?

(No response.)

MR. McPHERSON: Phil Lord.

COUNCIL PRESIDENT VERNA: Phil Lord.

(No response.)

MR. McPHERSON: Lee Kapkin.

(No response.)

COUNCILWOMAN BLACKWELL: We have an announcement to make. Because of the fact that we are only on panel two, and we have six panels who are due to speak today. We have six panels due to

speak today.

And we have we wanted to recess in order for Finance to hear the leaseback agreement with the libraries.

What we're suggesting is that the Finance Committee be recessed until 9:00 on Wednesday, the 4th. We have a regular Finance Committee at 10:00, and Rules Committee has a hearing at 10:00.

So it makes Wednesday impossible because as you know, those on the Finance Committee, we have two of Cohen's tax bills. We have PGW and many other bills, so it will be very very busy.

So we will try to begin at 9:00 instead of 10:00, Finance Committee, on Wednesday. And we will continue the Library, if that's okay with everyone. We will postpone or continue the hearing on the Library leaseback until Wednesday at 9:00.

And then we will try to get finished with our Committee of the Whole and Finance hearing today, given the fact that we're on panel two, not even halfway through, and we have six

panels to complete today. Is that satisfactory to everyone?

COUNCILMAN NUTTER: Madam Chair.

COUNCILWOMAN BLACKWELL: Yes, Councilman Nutter.

COUNCILMAN NUTTER: Can I ask a question? I was talking to your... to Mr. Bouvier. So the 9 o'clock Finance is solely a Finance Committee hearing on the sale leaseback.

COUNCILWOMAN BLACKWELL: I don't know. We'll see how quickly we can get it and how quickly the Rules Committee convenes. We'll play it by ear because both are listed at 10:00, but we wanted to start it early, to do the Library leaseback.

COUNCILMAN NUTTER: Right. We want to do that at 9:00.

COUNCILWOMAN BLACKWELL: Yes.

COUNCILMAN NUTTER: And then there will be technically a separate hearing of the 10 o'clock Finance Committee for the tax bills and a couple of other bills.

COUNCIL PRESIDENT VERNA: Thanks for the reminder.

COUNCILMAN NUTTER: Between the Finance Committee and the Rules Committee, both of which are scheduled at 10:00.

COUNCIL PRESIDENT VERNA: You're absolutely correct. Councilman Nutter reminds me the 9 o'clock will be for the Library leaseback.

The other bills already on schedule at 10:00 have to be convened at 10:00 because we have... they've been already advertised at that time. So we will hear the other hearings at 10:00. There's also a Rules at 10:00, so it will be a real heavy day Wednesday as well.

Thank you all for coming for the Library leaseback. And we regret that we have to continue with Wednesday at 9:00 a.m. It will be first thing.

Thank you. Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Good afternoon. Thank you for your patience. It's so nice seeing you again, Mr. Kapkin. Please identify yourself for the record and proceed with your testimony. You're here every year, and you always have a very pleasant smile and you're

always very patient. Thank you.

MR. KAPKIN: Thank you and good afternoon, Councilwoman Verna.

My name is Lee Kapkin, and I'm the Executive Director of the Housing Consortium for Disabled Individuals.

I'm here to testify on behalf of the Year 29 Consolidated Plan. We have testimony which was brought to you last week, and I would request that it be entered for the record.

I would just like to highlight a few points relative to that testimony. You've heard through the Affordable Housing Coalition about the housing crisis facing many populations in the City, including people with disabilities.

HCDI, in support of their work, and we're also in support of a position paper that's being presented today for the first time by the Mayor's Commission on People with Disabilities which again highlights housing issues facing this community.

Relative to our own specific comments, I would like to mention just two sections of the testimony.

To highlight issues concerning the Adaptive Modifications Program and to thank Councilman Nutter for his interest this year in working on that issue and researching the current status of the program, there are over 700 people on the waiting list for these services. And we have been looking for a way to reduce the time of the waiting list.

We endorse the Mayor's Commission recommendation of a three-year increase of that budget to $8 million per year, in order to bring the waiting list, the current waiting list, down to zero within three years.

A little-known fact about Adaptive Modifications Program is the amount of time that we spend getting to know these people very well while they are waiting for their services.

We believe that our Adaptive Modification staff member has been spending more than 50 percent of her time, unfortunately, just addressing people who are waiting for services and need reassurance that they are going to get to the top of the list, and also to address other needs that have come up along the way. So the

waiting time does need to come down.

HCDI has been on the front lines of this program for 13 years, and I would say for the last six years anyway we have dealt with the intense problems of this waiting list and trying to keep people comfortable while they wait.

Another thing that we want to talk about today briefly is to thank OHCD for their support of our concept of bringing a self-sufficiency program in for people with disabilities and the expected contract of $50,000 to initiate the pilot project.

This is to encourage people on a voluntary basis and on the basis of their own motivation to engage in efforts that will help them to be able to afford just a little bit more of the housing that is out there.

We are in support of the need for continued Section 8 work to the fullest. However, it is our experience that when at least some people with disabilities learn of what opportunities may be out there to increase education, increase incomes, that they will readily and willingly come forward.

And we would like to do -- have the chance this year to bring services and assistance and connections to people with disabilities so that they can pursue these ends voluntarily and in their own interest.

In conclusion, since it's all written down for you, obviously, I would again just like to thank you for the opportunity to come out, and I would like to thank City Council Members, all of you who have met with, spoken with over the last six weeks or so, either in person or on the telephone, for your support and interest in HCDI's work, and specifically for the interest in the Adaptive Modifications Program and the Self-sufficiency Program. Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you very much.

Are you testifying?

MR. CLEGHORN: Yes.

COUNCIL PRESIDENT VERNA: Identify yourself for the record, please.

MR. CLEGHORN: My name is David Cleghorn. I'm the Community Real Estate Developer at Project HOME. I'm not on the list. I believe

you called Laura Weinbaum --

COUNCIL PRESIDENT VERNA: Yes.

MR. CLEGHORN: -- and she asked me to come in her place.

COUNCIL PRESIDENT VERNA: All right.

MR. CLEGHORN: I have copies of the testimony here, if someone wants to pass them out.

COUNCIL PRESIDENT VERNA: Yes. We will have someone.

And if you could just abbreviate the testimony, I'd appreciate it.

MR. CLEGHORN: Yeah. I was hoping not to read it word for word.

COUNCIL PRESIDENT VERNA: Thanks.

MR. CLEGHORN: We're here to testify today in particular on the Targeted Basic Systems Repair Program.

We are recipients of the Basic System Repair Program for our neighborhood in North Central Philadelphia, as well as the North Central Empowerment Zone.

We feel that this program is going to help strengthen our affordable housing development and economic development programs in

our neighborhood by helping people that have been long-term residents of the neighborhood and who have stayed and fought for the neighborhood to survive, and offer them some benefit, as we build houses on their blocks to make their blocks more complete.

The same story is essentially happening in the North Central Empowerment Zone. There's a lot of development that the City has put forth to the Cecil B. Moore Home Ownership Development Zone.

And this program will help us target several families, 21 families, that are living near the Cecil B. Moore Home Ownership Zone and help them get their property stabilized to the North Central Empowerment Zone.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you.

The chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Madam Chair, I do not have a

question for this panel. I have some information that I'd like to put forward at the appropriate time, maybe when the panel is complete, regarding some previous testimony and a request. So, I don't have a question for this panel. But when the panel is complete, I'd like to put some information out on the record.

COUNCIL PRESIDENT VERNA: Thank you. All right. Thank you. Thank you all very much.

The next witness is Eric Vonschmeterling.

COUNCIL PRESIDENT VERNA: Is Eric here?

(No response.)

COUNCIL PRESIDENT VERNA: Thank you.

At this time the Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam chair.

Madam Chair, we have all heard a significant amount of testimony from the Philadelphia Affordable Housing Coalition, and the consistent request regarding the funding of some priorities that, one, we know are priorities of

the Administration.

And they are primarily CDBG related programs. But the concern has been about the level of funding and the recommendation with regard to reallocating some of the NTI funds.

Madam Chair, I've had conversation with a number of Council Members, and there is a request coming from a number of those Members. And I think they'll naturally speak for themselves.

This is regarding two and a half million dollars being added to the neighborhood-based rental production line item in the CDBG Year 29 Plan, $5 million to be added to the Emergency Repairs Preservation and Weatherization Programs, as testified to earlier, and two and a half million dollars to be added to the adaptive modification line item in the CDBG Program, and amendment -- a proposed amendment has been drafted to accomplish that particular purpose.

I recognize that we are in the public hearing, and we would need to take action in the public meeting. But the Members are

concerned about this, and at least wanted to get this particular item brought up at the hearing and on the floor for subsequent action in the appropriate forum in the public meeting, with the necessary amendment.

But I would like to support that request by the Philadelphia Affordable Housing Coalition, and put forward that amendment. We can circulate it either now or in the course of these hearings.

But I wanted to get that on the record, Madam President. We heard testimony from Miss Nora Licktash, and Sherry Honkala, and David Koppisch. And I think it's been good testimony, and it's something that we can accomplish, given the size of these two programs and the movement around of some of these dollars.

So I wanted to put that forward, Madam President.

(Applause and cheers.)

COUNCIL PRESIDENT VERNA: Thank you.

COUNCILMAN COHEN: Madam President, I want to say I'm strongly in support of this. I think it's one of those nitty-gritty ideas which

make life livable to people who have great difficulty.

And I just admire them from one end of the world to the other, how they manage. And this is just practical dollars. We're going to get about $10 worth for every single dollar we spend in any of these programs.

And it will make an enormous difference in the way people live in the City of Philadelphia.

(Applause.)

COUNCILMAN NUTTER: I'd like to make sure that gets circulated and acted upon at the appropriate time.

COUNCIL PRESIDENT VERNA: That would be fine.

COUNCILMAN NUTTER: Maybe other Members...

COUNCIL PRESIDENT VERNA: Thank you very much, Councilman.

All right. Our next witness. Sir?

MR. VONSCHMETERLING: Okay. Thank you very much. My name is Eric Vonschmeterling. And thank you, Councilman Nutter. You just cut my

testimony almost in half, which is wonderful. I thank you very much.

I'm an adapt organizer. I'm also Treasurer for Disabled In Action in Pennsylvania or DIA. And I'm Chairman of the Board of Liberty Resources, Incorporated, Philadelphia Center for Independent Living.

All three of these groups are proud members of the Philadelphia Affordable Housing Coalition, a multi-group composite dedicated to increasing the housing resources for individuals and families making $20,000 a year or less.

The coalition was born out of dire necessity because there is nothing available for our people in this City. I know this because I have faced some of the problems our people are facing today.

In 1985 I was homeless, having fallen through the cracks of the system. It was bad then. The waiting lists to salvation were long, but today it's impossible. It's tremendously far worse than ever conceivable. I have a written copy of my testimony, so I'm not going to go through all off it.

I definitely support everything Councilman Nutter just said and urge all City Council Members to read the amendment, and to support it, and vote in favor of it.

It does indeed, as Councilman Cohen said, make lives liveable. And that's what we're looking for.

It is not the final answer. We'll be back next year for more. But anything that's good needs a start. And this is a good start.

I would like to add, though, that one of the reasons the housing crisis for people with disabilities is so dire is that there has been virtually no enforcement of access laws, laws like Section 504 of the National Rehabilitation Act of 1973 that says that five percent of all new construction built with public money must be -- and this is a minimum -- five percent accessible and two percent accessible to people who have sensory disabilities.

Adapt strongly recommends that the City of Philadelphia increase those requirements from 5 percent, 2 percent to 15 percent, 12 percent, to make up for past, shall we say,

oversights or basically not following the law.

That's it. Thank you.

(Applause.)

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you.

Our next witness is Roger Margulies. Good afternoon. Thank you for your patience. Please identify yourself for the record and proceed with your testimony.

MR. MARGULIES: Good afternoon, Madam President, Councilperson. I am Roger Margulies, Assistant Deputy Mayor for the Mayor's Commission on People with Disabilities.

On behalf of the Commission and specifically the Housing Committee, I want to thank you for the opportunity to provide testimony today on the crucial issue of housing for people with disabilities.

According to the 2000 census, nearly 25 percent of the City population identify as persons with disabilities. The majority of low and very low income families and individuals face an intensified crisis of scarce, affordable housing exacerbated by scare accessible housing.

People with disabilities already often require accessibility modifications to continue their residences.

Others in shelters and nursing facilities would prefer to live in permanent, affordable, accessible housing, were it available.

We seek to accelerate the Adaptive Modifications Program. We also seek to prioritize program waiting lists based on greatest need, to avoid having to move from housing into shelters and nursing facilities.

We suggest relocation from inaccessible residences where neighborhood viability will not warrant the total expense of rehabilitation modifications.

We propose flexibility and lead paint abatement for families without children less than five years of age.

We urge temporary relocation assistance, accessible relocation assistance, for existing residents during modifications requiring substantial accessibility and toxin removal.

For the last 25 years, OHCD has funded the Adaptive Modification Program through a

primary agent.

Given the growth of significant agencies serving substantially non-elderly people with disabilities, the City may foster competition, expand the availability of vendors and contractors to accelerate services.

Competition will encourage shorter waiting periods which now force many into nursing facilities or shelters, even while scheduled for accessibility modifications.

Those calling for housing integration of people with disabilities, and those developing clustered arrangements or assisting the elderly interpret differently the applications of federal programs, especially Section 8 and 11 Housing.

Given the section 504 non-discrimination, fair housing, and ADA laws, we recommend the City promote housing opportunities in the most integrated, least restrictive community environment, and to pursue a City-wide housing integration policy.

The Mayor's Commission on People with Disabilities suggests the City petition

Federal policy makers to allow Section 8 and 11 program funds to promote family and individual housing choices with varied alternatives, in the most integrated setting.

The majority of people with disabilities experience the crisis of scarce, accessible, and affordable residential housing.

Still, some people with disabilities may be eligible to purchase homes with assistance. The Housing Committee Position Paper addresses the matter more fully.

We seek incentives for architects and builders to provide universal design and access to expand the housing market.

We look forward to working with the City Planning Commission on these initiatives.

Permanent housing solutions need to be affordable and accessible in order for families and individuals with disabilities to remain in the community.

We want to ensure that people with disabilities have choices and means to live and thrive in our great City of Philadelphia.

This testimony incorporates the

views and recommendations of the Mayor's Commission on People with Disabilities Housing Committee and its Chair, Mr. I. Stephen Margolis. That's another individual with a similar name.

The Mayor's Commission on People with Disabilities is available to provide technical assistance and support the City's progresses with the Neighborhood Transformation Initiative.

And I thank you for the opportunity to testify today.

COUNCILWOMAN BLACKWELL: Thank you very much.

John Gladstone, Philadelphia Affordable Access Housing Coalition.

Is Oona Magmudar here?

(No response.)

COUNCILWOMAN BLACKWELL: Susan Klein? All right. You will be next after Mr. Gladstone. And after Susan Klein will be Blane Stoddart, Partnership CDC. Thank you all for your patience.

MR. GLADSTONE: My name is John Gladstone. I'm a proud member of the Philadelphia

Affordable Accessible Housing Coalition, also a member of Adapt. And I'm on the board of Liberty Resources.

And I want to eliminate nursing homes. I think the key is living in the community. And I -- I lived in a nursing home for 14 years, Ingles House. And I don't want to go back there again.

And I hope -- hope some day that we have housing that lives in the community -- allows us to live in the community so we can eliminate these nursing homes.

And I'd like to thank Michael Nutter for -- for introducing what he did just a while ago. And I have a lot of respect for him. And I just want my people to experience living in the community.

You know, a lot of people try to put us away. And that's not right. We -- All we want to do, we don't -- All we want is a chance. We want to be equal.

Not special services. We want equal services. Equal quality for all. And we want to live in our own houses. We want to live where we

want to live.

And I'm just grateful that I'm out of the nursing home and living in the community. And I want my brothers and sisters to live in the community as well.

That's all. Thank you.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very, very much. We're on your side. We agree.

Miss Klein and then Mr. Stoddart. Welcome. Identify yourself for the record and begin. Thank you.

MS. KLEIN: My name is Susan Klein. I'm Director of Housing at the Philadelphia Corporation for Aging, PCA Plans and Coordinated Services for Seniors.

Closer? Okay. Despite having the largest housing department of any area agency in the United States, we can't begin to touch the needs of seniors and people with disabilities.

The first thing I'd like to do is really commend the Affordable Housing Coalition and Councilman Nutter and the rest of the Council for the change of the $10 million that's being

proposed.

I'd also like to thank OHCD. And I won't go into all the ways that they have been helpful to us, specifically around the issue of lead based paint which was mentioned earlier.

I'm sure you know that with lead paint, if you touch anything using CDBG funds for construction, you have to -- if it's under $5,000, address the area. If it's between five and $25,000, you have to clear or contain the entire house, and above $25,000 you have to abate lead based paint.

And that's been very difficult, because that becomes the priority. And we have found there are many people that we can not serve under the adaptive mod.

In fact, there were five this year that because of the cost of the modifications and the cost of the lead based paint, we were unable to serve them. And OHCD found us funds to do that.

So, I would like to thank OHCD in my testimony. There are many different ways that they've helped us.

One of the first things that I want to mention about accessibility is not only the adaptive mod program. PCA does administrate both the adaptive mod and the SHARP program.

But also, I want to encourage the passage of a visibility ordinance. Visibility is building things that have a one zero entrance, pathways that are wide enough for a wheelchair, and an accessible first floor powder room.

If we were building housing that way, it's going to cut down on my work in ten years from now, because they won't need modifications.

The other thing is a quicker method of contracting between PCA and the City and also payment. We're currently owed like a half million dollars from fiscal '01, plus we're usually a million dollars behind.

Especially with this increased funding, we really need to make sure that payments are ongoing and much more quickly, because we don't want to be in a position that we can't accept money.

And the other idea I would like to

float today is to use some of the NTI money to fund PCA for about $300,000 so that we can do some basic systems repair for SHARP consumers as they go through the process of the minor repairs. We often uncover a lot of basic systems. And this would allow us to also serve them in that way. Thank you.

COUNCILWOMAN BLACKWELL: Councilman Cohen. Someone please put on his mike. We can't hear him.

COUNCILMAN COHEN: Just one question of information. Could you repeat what you said about that last $300,000 item? What kind of housing is that?

MS. KLEIN: Okay. Okay. The SHARP program serves low income elders. And what we do is, we provide minor repairs, roughly $1500. Under $1500.

But we go in there and we see lots of problems, beyond what our ability is to help. But because we've already gone through the intake process, we can easily add some subcontracted work, like sewer lines or roof or other things, that would enable us to do a full package for

them.

COUNCILMAN COHEN: Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Councilman.

Blane Stoddart, Partnership CDC. Welcome and thank you. We have someone... We have his testimony. The Clerk will please pick that up.

Thank you.

Next is after Mr. Stoddart, Michael Grohman. And how do you say the name, Matrayee Roy? Was that good or bad?

MR. ROY: Good.

COUNCILWOMAN BLACKWELL: Okay. Thanks.

MR. STODDART: Thank you, Madam Chair. My name is Blane Stoddart. I run the Partnership CDC which is a community development corporation in West Philadelphia.

My mamma... I'm not going to read my prepared statement because of time.

My momma always said: Thank the people that help you first. And I want to thank Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

MR. STODDART: And all of the Council people that work with us, and especially the strong advocate for CDCs is Councilman Goode, passing all kinds of legislation to help CDCs. I also wanted to thank RDA and OHCD for their support over the past eight continuous years.

Couple of things. Just four points I want to make. The first one is to just give thanks. The second is that times really are a'changing.

Joblessness, poverty, homelessness are real. And we need to find creative ways to deal with that, because it's coming from Washington.

We are in a huge recession. Some are saying it's double dip recession or deflation, where prices will begin to -- and joblessness will all begin to -- joblessness will go up, inflation will go down, and prices will go down.

The third point I want to make is that we need to... we need to grease the system. We're still taking too long and myself is included because I always want to look at how we as an

organization can do better with the things that are placed in front of us.

But it's still taking too long to get a project to market. We're now in a position, Councilwoman, where we can get financing for any project in 30 to 60 days. Any bank will finance us. That's how good our credit is.

But again, to get the City commitments or to get acquisition, that still takes two to three years.

And what that does is, it creates such demand that if nothing is moving in the system, not only is market rate housing not moving, but affordable housing, homeless housing, it's all not moving fast enough to serve the marketplace.

And I'm willing to sit on any panel or any committee that can come up with a system so we can get projects to market sooner.

The last thing I want to talk about is the HRP program. The Home Ownership Rehab Program provides $35,000 to CDCs and private developers to do a house. And that's what you get. You get $35,000.

As a CDC, we are the number one user or number one or two. I don't know who, but according to the information I've received from the RDA, we are the number one user of the HRP program.

And we want to do more of that in West Philadelphia, because we have a market that can ride with that program. And we can do as many houses as we can get our hands on under the HRP program, and turn over vacant properties so that people can live in decent, affordable housing.

Thank you very much. And I hope that somebody will follow up with me on forming a blue ribbon panel to talk about how we can speed up the process so that we can get deals done in the City of Philadelphia. Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you very much, Mr. Stoddart. And certainly we look forward as close as we work, to working together to solve those issues, neighborhood participation, minority participation, and absolutely the ability to take the housing to market more quickly, because it's all done if we can't do it expeditiously.

But we thank you for your commitment and leadership in this area over the years.

MR. STODDART: Can I just say one thing?

COUNCIL PRESIDENT VERNA: Please.

MR. STODDART: We have around 130 units right now in the pipeline ready to go to market to construction as soon as we can get them.

And I know that the African American Chamber of Commerce and the Black Contractors Association have some real issues, in terms of how do we participate on these projects?

And again, I'm willing to make a commitment that 50 cents of every dollar we get will go back into the community and will go to some of these African American companies that are struggling, because then we can recycle the dollars in the community, and that's what economic development is all about.

COUNCILWOMAN BLACKWELL: Thank you very, very much.

Councilwoman Blondell Reynolds Brown, you wanted to ask a question.

COUNCILWOMAN BROWN: Thank you,

Madam Chair. My light was on sometime ago following Councilman Nutter's recommendation, and my support of the recommendation. Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much.

Councilman Cohen, you had a statement or a question.

COUNCILMAN COHEN: No. I had a question of Mr. Stoddart.

MR. STODDART: I'm sorry.

COUNCILMAN COHEN: What's stopping you? What right now at your stage of development is stopping you?

MR. STODDART: Again, you know, I think at times, you know, HUD has a whole bunch of rules that we have to follow. And I think we have to find ways to negotiate with HUD to sort of either set aside those rules or to streamline the processes so that we can go to market with our projects. But we have significant problems when it comes to getting our projects to market.

COUNCILMAN COHEN: Well, let me try this way: Would it be helpful... For example, suppose tomorrow the Mayor got a report from the

people that were here today about your testimony and the Mayor decided to do something about it. Could he?

MR. STODDART: Yes, sir. I think the Administration can make significant progress towards that.

COUNCILMAN COHEN: What could he do? Suppose he called you and said, what can I do to help? What would you say to him?

MR. STODDART: Well, again, in a public setting, it's hard to lay out specific issues.

But if the Mayor called me, the conversation would be a lot easier.

COUNCILMAN COHEN: All right. Now, my knowledge is that the person that deals with HUD more than anybody else in the City is the head of the Philadelphia Housing Authority.

MR. STODDART: Yes, sir.

COUNCILMAN COHEN: Since that's the agency that's funded by HUD.

Suppose the Mayor called Carl Green, and anybody else that he thought was necessary, and said: Now, this is your number one priority.

I want Mr. Stoddart to get his 130 houses. He's got the financing for them. Got everything needed. What would stop them?

MR. STODDART: Well, actually, nothing, sir, if we can just remove the obstacles that are there now.

COUNCILMAN COHEN: Well, may I suggest I think you got to make the noise and the clamor loud and clear.

That's much more important than just being very polite. Seems to me we got to make a lot of noise. There's a lot that can be done by housing, but there's a will that has to be put into effect.

We've got to get the City Administration moving on this, not feeling that, well, we'll do it next year or ten years or twenty years from now.

It seems to me, from the way you explained it, that private venture capital is ready to act quickly.

It's certainly the need. And I know of no reason why we can't do it right away.

MR. STODDART: Well, let me give you

a specific example.

COUNCILMAN COHEN: Yes.

MR. STODDART: We're trying to get into the rental housing market. And last Friday, within two months we bought 12 rental -- just bought 12 units on the market financed by Mellon Bank. We did that in 60 days.

If you were to try to do a rental project with the City of Philadelphia from acquisition to ribbon cutting, it's two to three years.

Now, part of it is I have to go to the state and get tax credit financing. I have to get a block grant commitment from the RDA. And then you have to wait -- If it's a large enough abandoned building that cannot be acquired quickly, you have to wait on the condemnation process that has over 101 legal steps that have to be taken.

All I want and all I'm advocating for is that we form a working group of people, professionals around the City, that can make that process move faster. And I think it can.

COUNCILMAN COHEN: Well, it seems to

me, from what you've said, there's a triangle. There's the Mayor, and he's at the peak of the triangle. There's the RDA, which is run by his close associate Johnny Dougherty. And the other one is PHA, Carl Green, who is also a close associate of the Mayor.

If we could get that triangle working, really working as if this is an emergency, couldn't we make things move fast?

MR. STODDART: I think so.

But again, the PHA is not even necessary on this point because we're buying up properties on the private market or trying to acquire them through the condemnation process at the RDA.

So PHA... We could do it without PHA. The less people the better. And Councilwoman Blackwell has been the strongest advocate for us, jumping up and down and saying: Let's get moving; let's get moving.

But Councilman, when you talk to her she'll tell you she's ready to go with her developers in West Philadelphia. I'm one of her developers. I'm just raring to go, too, to move

projects to market.

COUNCILMAN COHEN: Well, I'd like to see the 16 Council Members and the Mayor jumping up and down to produce what you want because I think you're on the right track.

And I just think, if we're going to be patient about all this, we're going to continue to wait. And ten years from now, the same groups will be talking maybe about another percentage of increase on accessibility.

I just think there has to be a clamor. I'm stunned at the fact that today I understand there are about seven or 8,000 waiting list for affordable units.

Yet I think I read in the weekend paper that PHA is reducing the number of Section 8 vouchers to 700 from 2500 that are authorized. I can't understand that. If we need more housing, how do you justify less vouchers?

MR. STODDART: I mean, I -- I -- I -- I -- I have no argument against you, sir. I have to agree with your -- I have to agree with your statements.

COUNCILMAN COHEN: Well, I'm just

amazed at the tremendous patience that all of you have shown all this time.

It seems to me if I were involved in this as strongly as you were, I'm be jumping up and down all over the place until something happened. When something happened, that's the time you thank everybody for getting it done. But so far we haven't done anything.

COUNCILWOMAN BLACKWELL: Well, Councilman, we do work together well with Blane Stoddart.

COUNCILMAN COHEN: I know Councilwoman Blackwell works very hard at it, but she needs all the other people working with her.

MR. STODDART: Thank you, sir, so very much. We're jumping up and down. In our own way we're jumping up and down at this point.

COUNCILWOMAN BLACKWELL: And that's absolutely true. Blane's always complaining.

COUNCILMAN COHEN: Even with my cane, I'm ready to start jumping up and down, as soon as something happens. It's worth it.

MR. STODDART: Thank you.

COUNCILWOMAN BLACKWELL: Thank you

very much.

Michael Grohman and Maytrayee Roy.

Obviously, the CDCs can complain but it becomes our responsibility, along with the Administration, to find a way to cut through it all. If Blane Stoddart could have done it, he would have a long, long time ago.

Hi, Blaine.

MR. BONHAM: Good afternoon, Madam Chair. Matrayee couldn't be here today so she asked me to sit in for her.

COUNCILWOMAN BLACKWELL: Great. Well, then, we might as well have you while you're there then speak for yourself and the Pennsylvania Horticultural Society. Always a pleasure.

MR. BONHAM: And this is Mike Roman, who's Director of Philadelphia Green.

COUNCILWOMAN BLACKWELL: Thank you.

MR. BONHAM: There's testimony being handed out. And can someone come and get the testimony.

COUNCIL PRESIDENT VERNA: Can we have a sergeant-at-arms get the testimony, please, and pass it out. Thank you.

Feel free to identify yourself and begin your testimony.

MR. BONHAM: I am Blaine Bonham, Executive Vice President of the Pennsylvania Horticultural society.

MR. ROMAN: Mike Roman, the Director of Philadelphia Green Program.

COUNCILWOMAN BLACKWELL: Thank you.

MR. BONHAM: I think Blane Stoddart's momma is a woman of wisdom. And I just want to add my thanks to the years of support that Council has given to the funds that we've received principally through OHCD to do the kind of work that we do.

We've worked in every neighborhood throughout the City, and we want to talk just briefly about the kind of work we're going to be doing this year.

Our work over the next five years, it will be based on something we've developed called the Green City Strategy. It's a concept that emphasizes large scale investment in vacant land management, quality landscapes, street scrapes, neighborhood parks, and other open

spaces, as a means to rebuild the City.

And we are starting from the premise that ugly is bad for business. And the goal of this effort is to significantly enhance the quality of the City's green infrastructure, to make the City attractive, so it can successfully retain and attract new residents, attract new businesses and attract new investment.

We've been able to leverage the funds that we've gotten from the City through OHCD over the years. And coupled with funding from the William Penn Foundation, the Pew Charitable Trusts, and proceeds from the Society's Philadelphia Flower Show, we're beginning to implement the Green City Strategy through a number of greening initiatives across the City.

In North Philadelphia's American Street Corridor, we are managing the maintenance of over 450 parcels of vacant land that have been cleaned and greened.

And we are utilizing the services of an organization called Ready, Willing and Able, which is a non-profit organization that's helping formerly homeless and drug dependent young adults

to transition back into the work force.

Also, focusing on well-managed open spaces as a foundation for the future. Philadelphia Green is also working closely with the American Street Empowerment Zone and the local business community to build a capacity to support long-term vacant land maintenance needs and build a comprehensive strategy for planning and developing the American Street Corridor.

Then at the Northern edge of the corridor, we're working with the Association for Puerto Ricans Marcha CDC and Norris Square Civic Association to support greening projects along the Berks Street Corridor between 9th and Front Streets, and improve the landscapes at the residential and commercial developments.

At the Southern end of that neighborhood we're working with the Kensington South Nak, and we've planted nearly a hundred street trees in that community.

We will also target two additional commercial corridors in the City and work closely with local business associations and other partners to plan and implement streetscape

improvements that will enhance the appearance of these corridors and improve their commercial viability.

We've also extended our vacant land management work into the North Central Empowerment Zone and the West Philadelphia Empowerment Zone, using a community based model.

And we will clean and green approximately 150 parcels, which translates into four acres. We're working closely with the neighborhood organizations there and the institutions to create a system to support the annual maintenance needs.

Through our Parks Revitalization Project, Philadelphia Green continues to work in partnership with the City's Department of Recreation and local friends' group in the parks across the City, to improve the appearance, use, and maintenance of neighborhood parks.

Over 30 parks will be added to the already 40 some parks we're working with. And we're also exploring ways to develop working relationships with Fairmount Park.

Of course, at the root of all this

is the work with community gardens. And we will continue to support and develop new gardens throughout the City.

We strongly believe that the City's investment in its open space resources and its green infrastructure is an investment that pays off.

And this approach has been tried in other cities, most notably Chicago, which has invested many, many dollars in its green infrastructure. And that certainly has enhanced the redevelopment of that City.

So as a result of this, we are really thrilled that the Mayor's Office of Neighborhood Transformation Initiative has adopted the Green City Strategy.

And through a partnership with NTI and with additional support from OHCD this year, Philadelphia Green will now have the opportunity to take greening to a large scale in the City and significantly advance and impact neighborhood revitalization efforts throughout the City.

So these services for this new round will include the following: Vacant lot cleaning

and management on a large scale, commercial corridor landscaping, community garden development, and other community greening projects, neighborhood park improvements, and a variety of horticultural workshops.

And also, as Sandy Salzman asked this morning that this be done, we're going to be working with several CDCs throughout the City, to work with them to manage vacant land, because we feel that vacant land can best be managed by the neighborhood groups that are in those communities. And we can help them set up the standards and maintain the systems to do that.

So, again, thank you very much for your support. And we hope that you will approve the use of CDBG funds and other funds to support Philadelphia Green. Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much, Blaine.

Mr. Roman.

MR. BONHAM: No. That's our complete testimony. Mike is going to answers questions that I don't know the answers to.

COUNCILWOMAN BLACKWELL: Thank you.

Thank you very much.

Is Terry Mushavick here?

MS. BERG: Terry was unable to attend today. My name is Margo Berg, and I'm here in her place.

COUNCILWOMAN BLACKWELL: What is your name again?

MS. BERG: Margo Berg. I'm the Associate Director of the Neighborhood Gardens Association.

COUNCILWOMAN BLACKWELL: Spell your last name.

MS. BERG: B-e-r-g.

COUNCILWOMAN BLACKWELL: Thank you.

MS. BERG: The Neighborhood Gardens Association, a Philadelphia Land Trust, and the gardeners in the neighborhoods is grateful for the Community Block Grant Funds received during Year 28 and for being in the Preliminary Year 29 budget.

NGA is a non-profit corporation, the Land Trust, whose mission is the long-term preservation of existing community managed gardens and open space in Philadelphia.

Over the years, the last 25 years, thousands of families, individuals, and community groups have turned former trash-filled vacant lots into community gardens and parks for their neighborhoods.

Community gardening is a powerful urban revitalization tool, with positive environmental, economic, and health implications. They provide much needed amenities for cities, eliminating blight, creating more green-appealing neighborhoods, improving the health of communities, increasing property values, and on and on.

Improving the physical condition of a neighborhood -- of a community garden is one of the crucial ways to help ensure its long-term continued existence, increasing its sustainability, and helping it to continue to attract new gardeners and new supporters.

OHCD funds have helped NGA and the gardeners look for corporate and foundation partners to also help with the costs of these critical physical improvements to community gardens, that serve as neighborhood parks in some

areas.

NGA hopes that the Council will continue to support this positive program that produces tangible improvement and renewal for these neighborhoods. Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much. Any questions?

Chair recognizes John Gallery, Preservation Alliance. Thank you all.

(No response.)

COUNCILWOMAN BLACKWELL: I guess Mr. Gallery had to leave.

Allison Hughes, Home Ownership Counseling Association. And Ruth Gaskins, Urban League. They will mark the end of our fourth panel.

Our fifth panel will be started by Ed Schwartz, Institute for the Study of Civic Values; laura Boyce, Director of Network Relations for United Way, and William Gonzalez, Executive Director of Saba and Concilia.

Thank you. Please identify yourself for the record. Thanks for your patience. And begin your testimony.

MS. HUGHES: Thank you. Good afternoon.

I am Allison Hughes, Executive Director of the Home Ownership Counseling Association of the Delaware Valley. I have copies of my written testimony.

COUNCILWOMAN BLACKWELL: Could we have a sergeant-at-arms get the testimony, please? Thank you.

MS. HUGHES: I'm joined today by Ruth Gaskins of the Urban League, as well as a couple of our member counseling agencies.

Many of our members could not be here today because they are on the front lines in housing offices seeing clients.

But on behalf of our membership, we're grateful for this opportunity to testify today before the Committee.

Many of the members of this Committee have historically shown their unwavering commitment to expanding opportunities for home ownership and preservation for the families of our City, seeking to improve the quality of their lives, by passing meaningful legislation such as

the City of Philadelphia Anti-predatory Lending Bill.

Our members are equally dedicated to raising awareness of accessible, affordable, decent and safe housing for all residents of the City of Philadelphia.

Of course, the success of our Home Ownership Counseling Programs in expanding home ownership opportunities for more than 13,000 families would not have been otherwise possible had it not been for the generous support of the Office of Housing and Community Development. We are deeply grateful for this funding.

The families that we help are home ownership families in our first-time home buying program are typically earning below 80 percent of median area income. Many of them minorities and single parents.

Home ownership impacts many aspects of their lives. It doesn't just provide a roof. These families, once they are able to purchase a home, gain financial equity, stability for their children, an enhanced sense of pride, dignity, and accomplishment.

While it may not be an option for every family to own a home, home ownership is one of the important building blocks for stronger communities and families.

In general, our assessment of the Year 29 proposed budget, compared to what many of us feared the final budget would be, given the substantial overall loss of CDBG funds, we find that this proposal is a relief. Yet, we do know that, compared to the housing needs of our citizens, it is not quite enough.

Our members strongly support several aspects of the City's anti-predatory lending initiative, the Don't Borrow Trouble Hotline and funding for the Community Legal Services, to provide legal services for many victims of predatory lending.

We would also like to acknowledge past support which OHCD has provided for HCA, in order to expand the capacities of many of our counseling agencies who, again, are on the front line of the fight against predatory lending and other illegal practices.

We believe that this investment has

paid significant dividends to our neighborhoods, and we look forward to working with you to continue to advance home ownership preservation opportunities for low and moderate income families, and urge the City to continue to allocate the community development resources in ways that make these partnerships most effective.

We feel that the subprime home improvement loan product created by the Greater Philadelphia Urban Affairs Coalition and funded by NTI is definitely a step in the right direction.

Homeowners who need home repairs or emergency repairs but have impaired credit that would not allow them to qualify for prime financing will now have an opportunity to receive an affordable loan.

These homeowners will no longer be trapped in subprime and potential victims to predatory lending due to their credit circumstances.

However, to us by and far the most pressing need is for funding to develop a more comprehensive loan remediation fund to aid victims of predatory lending.

Under the current NTI funding plan, there is an allocation to increase the reinvestment funds, home equity preservation loan program which is a program set to help refinance victims of predatory loans into affordable loans.

However, these existing resources are really insufficient to address the magnitude of homeowners out and suffering with unaffordable loans.

We urge the City to actively engage our lending community in the development of a loan product that can serve a larger segment of this population.

COUNCILWOMAN BLACKWELL: Thank you.

MS. GASKINS: Good afternoon. Madam Chair, I'm Ruth Gaskins from the Urban League of Philadelphia, the Director of Housing there. Thank you for the opportunity to speak to Council.

I certainly want to reiterate something that was said earlier and talk about my concerns which were voiced earlier.

First, I would like to thank OHCD and, of course, NTI for re-instituting the Settlement Grant Program. Certainly you know that

that's helped over 11,000 low and moderate income people throughout the City of Philadelphia.

My concern is simply this: And that is, I think that we need to consider one step further.

The elimination of the home inspection was talked about earlier. But I'm going to speak about it, and being right on the front end, and listening and having an opportunity to feel the brunt of those that are not able to avail themselves to that home inspection report.

While we appreciate the grant being returned and we certainly understand all that goes into that, I want to just tell you for a moment about how and the importance of that home inspection.

Number one, that inspection is done directly with the client, something that's different from an appraisal report.

Number two, the borrower receives a complete education and knowledge of how the home works, and how to maintain it, and how to prepare for future repairs.

The borrower receives a manual which

outlines all of these major components, such as the electrical system, the plumbing and heating, the structure, the foundation, as well as the general life expectancies of the major systems.

With this knowledge, the borrower, a buyer, your constituents, is able to make a better decision as to whether they can afford to buy this house and maintain any unanticipated home repairs.

One might be inclined to believe that the consumer is protected from this type of a problem by the lender's appraisal.

Let me clarify what the appraisal is about. The appraisal report is based on assessment of value of the property that serves the purpose of determination of the value and protecting the mortgage in which they're issuing or will issue or should they issue.

Won't will my investment be protected should I make this deal? That appraisal will give them some insight as to whether or not they should make that decision.

In every District in the City of Philadelphia we have old houses. And certainly you know that all those old houses have old

problems.

The seller, of course, is responsible before they sell it. But today we're dealing in a seller's market, so a seller really is responsible only until the minute of settlement.

The minute he signs over those documents, the problem then is transferred to our borrower. The borrowers that we deal with on a daily base are unable to go out and seek or pay, even though it's minimum to some, two to three hundred dollars for a home inspection.

The program that was eliminated, we were able to give it to them free. We were able to talk to them intelligently about what was going on as counselors.

We were able to talk to them about what was reported by someone who is certified to do that type of work as she is certified.

Yes, we understand the issues and the flack that has gone into this which cause you to eliminate it. We understand all of those issues, but we feel that because of what's happening with the unions and the administrations

and whoever else, and who should do what, and what should be done, that our borrower should not suffer.

What is really important here is that this home inspection does a good job and it serves your constituents and our clients.

Our experience is that people who purchase a home knowing of the problems they possibly face tend to make a better and more sound judgment, with the help of those counselors that will go through that appraisal -- I mean that home inspection report.

Our City is bursting at the seams with the different scans, and the increase in foreclosure.

All of this is resulting to a series of things, not just home repairs. We know predatory lending is running rampant. And that in itself has caused some problems.

But certainly, we must add the fact that home repairs to these older homes and the need for financing of those home repairs certainly have contributed to the predatory lenders, and they look forward to those types of homeowners.

What I'm asking is: Thank you, yes, for reinstating the settlement grant; but we need a little more help from you. We would like very much for your to find some way to create something of a home inspection.

If it is not the home inspection, at least let it be for general systems. Take a look at the roof and give us a roofing certification. Take a look at the electricity, and the possibility of appliances and the likelihood of them going bad; different from what is done in a regular appraisal.

So, even though we thank you, and we certainly appreciate what you've done, we're certainly asking you that you just think about the need and look a little further and see if you could possibly give us some semblance of a home inspection back.

Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much. Thank you.

I'm going to ask the witnesses that --

COUNCILWOMAN TASCO: I have a

question, Madam President.

COUNCIL PRESIDENT VERNA: I'm sorry. Councilwoman Tasco.

COUNCILWOMAN TASCO: Yes. Thank you.

I'd like to ask Mrs. Gaskins about the home inspection program. How long was the program? How long was it in existence? And when did we stop it? And could you tell me what is your understanding of why it was stopped?

MS. GASKINS: Oh, thank you so very much for asking the question.

It was stopped in January this year. And I heard, not officially -- Or did I hear it officially, OHCD? I don't think so.

I heard that there was some flack as to what was going on with the unions as to who to do what.

Now, I am very much aware of the fact that there is the lead and the requirement for the lead and the fact that OHCD did a marvelous job -- I don't know who did it, Council -- but someone, in allowing us to keep the settlement grant and worked around the requirement

that if there was lead in the home, that we then had to go through a long lengthy thing in order to get that home -- that... do the grant program. I'm very much aware of that.

But as far as the home inspection is concerned, and I think the counselors, we have never really understood exactly what the flack was between the unions, the unions and the Administration, as to who can do what and when.

I'm sure that I can get that answer here maybe today. But we've not known that. And we know we're experiencing what has happened without it.

We're experiencing what our borrowers, our constituents, what your constituents, rather, and our borrowers are coming in and talking to us about.

COUNCILWOMAN TASCO: How much... On an average, how much was in the budget for that program? I don't have time to look through this.

MS. GASKINS: It was $550,000 and --

COUNCILWOMAN TASCO: And a prospective home buyer got an average of?

MS. GASKINS: Well, let's say that

without the radon and without the termite certification that went along with it, it runs to three to four hundred dollars only.

COUNCILWOMAN TASCO: And so, what did they get for the two to three hundred dollars?

MS. GASKINS: Well, they got a full binder which outlines the entire condition of the property.

Again, the thing that I mentioned is that the borrower has an opportunity to walk along with a certified home inspector, and they go through room by room telling them the likelihoods of what is happening in the room -- I mean, what is happening in the house.

When they take a look, for example, at the appliances they make sure: One, that the electrical outlets, there's enough in the room.

They make sure that all the electricity is working.

They make sure that the items such as the heater and, of course, the washing machine -- everything else that's in there is working.

That's different. They go outside.

They look at the structure. When they're looking at the structure, they do not look at the structure in the same eye as an appraiser.

An appraiser is looking at the structure to make sure that the value is there to cover their investment, which is what the lender is concerned with.

Being a former underwriter, I understand that. But that does not help all parties and all the people that we serve, the ones that we see.

COUNCILWOMAN TASCO: Who were the inspectors?

MS. GASKINS: We had inspections done by three different inspectors. And that was Quaker, Value City and... Debra is here. And Cleamon. Quaker, Value City, and Cleamon.

COUNCILWOMAN TASCO: And they are? What kind of companies are they?

MS. GASKINS: They're home inspectors. They're private companies. And they were... They were hired or brought in by OHCD.

COUNCILWOMAN TASCO: Can you tell us what happened to this program?

COUNCIL PRESIDENT VERNA: Please identify yourself.

MS. McCOLLOCK: Deborah McCollock, Director of Housing.

OHCD held contracts with three inspection companies: Quaker City, Cleamon, and Value Home Inspections.

These companies were paid a set fee by OHCD to perform the inspection, and then many times they had to do a reinspection because they went out and did it once; and particularly if there was some lead paint issues, then the seller had to correct that. They had to go back, reinspect the property, and then issue the inspection report that that had been treated.

The client, in this case the client to the housing counseling agency, received a copy of that inspection report. So it helped the client make an informed decision about whether or not to purchase the property.

Because we were subcontracting out the inspections to these three subcontractors, the collective bargaining... the union took us to court that we were violating the collective

bargaining agreement that prohibits subcontracting.

Our position was that it's not the City's responsibility to do these sorts of inspections, and that these were very specific inspections because the people that carried them out by the three inspection companies are what's called ASHI certified, American... American Homeowners Standard... something. I don't know.

MS. GASKINS: It's American System Homeowner's standards, whatever.

MS. McCOLLOCK: It was a specific certification that the inspectors that work at OHCD don't have. It's a specific process that they have to go through.

So, we took -- We were in arbitration. In fact, it ended up going to court; and ultimately the City lost the arbitration.

We could not continue to fund the settlement grant program with Federal funds without that set of inspections because of the lead paint issue, so... And we couldn't continue to -- We couldn't continue the program because we didn't have the inspectors at OHCD to carry it

out.

And the cost of hiring the new -- We would have had to high new inspectors and implement a whole new program at OHCD to carry it out. So we ended the program, the settlement grant program in January.

We served the clients who were in the pipeline up until the cutoff date, and then we said we had to end the program.

Through NTI funds we could reinstate the program without the inspection requirement because the inspection requirement was federally mandated because it was based on the lead paint issue, the Title 10 Lead Paint Regulations.

What the Housing Counseling Association and others are saying -- and I don't disagree with it -- is that it was a valuable service to offer to the clients, regardless of what the Federal regulation was, that having the housing inspection was a valuable thing to be giving to the clients.

But administratively for us to reinstate that would mean hiring... We'd have to hire at least five inspectors -- Well, probably

three inspectors, an inspector supervisor, and a clerical support staff person in order to carry it out.

And because of the ASHI certification issue, it would be at a level that's higher than the inspectors that are currently at OHCD, so we couldn't -- And in this particular case OHCD, as you know, is the policy making agency.

OHCD doesn't have an inspection unit. So, we would be creating an additional set of positions of an additional unit at OHCD administratively at the same time that we're trying to cut back on our administrative costs, and that we're faced with a reduction in funds from Community Development Block Grant.

So, that's why we are attempting to meet the need for the settlement grant program through the NTI funds but absent the inspection requirement.

COUNCILWOMAN TASCO: Well, have we thought about any way we could implement the housing inspection program?

MS. McCOLLOCK: Well, what we have

talked about is to, as we say, significantly encourage people to get the inspection, that the $800 grant, a portion of that could be used to pay for the inspection.

We talked about perhaps having an agreement that we would assist HCA, Housing Counseling Association, in working out some agreement with those inspection companies, where they may gave a reduced rate, if they were referred by a housing counselor, and perhaps to go to foundations to see if we could get some foundation support for continuing that kind of contractual relationship, but it wouldn't be with OHCD in this case. It would be with HCA.

COUNCILWOMAN TASCO: Okay. Thank you.

COUNCIL PRESIDENT VERNA: These inspections that you're talking about, is that for termite inspection also?

MS. McCOLLOCK: That could be part of it, but generally it's for the systems, the roof, the condition of the property.

COUNCIL PRESIDENT VERNA: The basic systems.

MS. McCOLLOCK: Correct.

MS. GASKINS: More than the basic systems. It's more than the basic systems.

We're saying maybe you could put something into effect that it is just the basic systems.

You know, the home inspection that Deborah is talking about is more than just basic systems. It includes the likelihood of an event, of a heater going bad, the conditions under which that heater works, in an educated guess, as best as I possibly can, of the use of these items.

MS. McCOLLOCK: One of the City's concerns, one of OHCD's concerns about having the City perform the kind of inspection that we're discussing here is the liability issue that the City would have.

The private inspection company has its insurance about if they make an educated -- if it makes a projection that the roof will last four years, two years, whatever, and that that is somehow wrong, that company can't be sued because it has this whole set of insurances.

One of the concerns we had and the

attorneys had for the City was the liability that the City -- the liability issues for the City for making those sorts of assertions, and particularly because now OHCD does not have those kinds of certified inspectors that we were referring to.

COUNCILWOMAN TASCO: Could you use NTI funds?

MS. McCOLLOCK: NTI funds for the staff support?

COUNCILWOMAN TASCO: For the home inspections.

MS. McCOLLOCK: Well, the issue there is that we can't... The City -- At least OHCD cannot contract out that service now because of this union arbitration award.

So, the labor attorneys would have to answer the question about whether NTI funds could be put under contract to HCA, and then HCA may be able to hire the inspectors. I think that might be possible.

I don't want to say. I'm not a labor attorney. But that might be something to explore.

MS. GASKINS: And if I could make

another comment. If we're not able to get the home inspection done through the City, we would look at if we could increase the amount of the settlement grant from eight hundred. At one time it was a thousand dollar grant, and we got a lot more participation from the program.

So if people have to put out three or four hundred dollars, they could essentially recoup some of that if the grant amount were higher.

COUNCILWOMAN TASCO: But the beauty of the grant program was that -- the inspection program, it was targeted for inspections. That way, giving them more money doesn't guarantee that they will get the inspection. And it is the inspection that is very important to the process.

MS. McCOLLOCK: We want them to have the inspection, if at all possible.

MS. GASKINS: Is it possible for us to have -- If we can't have a full-blown inspection report, if we could just do the general systems, if we could actually have someone go up on that roof and look at that roof, that would assist, you know.

Because when you talk about an appraisal, that is not done. They see anything that's visible that looks like, or they look at if the flaps that are around the property and things like, that they deem from that whether or not the likelihood of it -- And they may even ask if they see some stains on the wall or something on the side or a closet that's damp, for a roofing certification.

But again, if that is not asked, then the client has no information. If there is a mini certification of sorts, something that's less costly, is the other one, you know, a little cheaper, perhaps, with just a general systems. That would work.

MS McCOLLOCK: I just think the City is very concerned about the City being in the position of making those sorts of certifications, given the liability issues.

COUNCILWOMAN TASCO: So we just have a way for you to spend $500,000 for this program, right? Because you lost the arbitration. OHCD, you're saying, cannot do it.

MS. McCOLLOCK: Correct.

COUNCILWOMAN TASCO: Okay. Because one of the questions I had here for you when you come back was the $550,000 of the settlement grants.

And since you say that the Community Development Block Grant Fund employees will be responsible for this program, will it need to be monitored by the HUD office? And then you still have the issue of lead paint.

MS. McCOLLOCK: Right. Right.

COUNCILWOMAN TASCO: How does that work out?

MS. McCOLLOCK: Well, my understanding from the HUD office is, if the program is not funded with Federal funding, then the lead paint issue is not a HUD requirement.

In other words, we don't need to do the lead paint inspection to meet Federal guidelines because we're funding it not with Federal money; we're funding it with NTI City money.

COUNCILWOMAN TASCO: But your office will monitor the funding?

MS. McCOLLOCK: Yes.

COUNCILWOMAN TASCO: Same difference.

MS. McCOLLOCK: Well...

COUNCILWOMAN TASCO: If we use NTI funding for the inspection program, why can't you monitor that? Same program. Same dollars. NTI dollars.

MS. McCOLLOCK: NTI dollars to...

COUNCILWOMAN TASCO: For the home inspection program.

MS. McCOLLOCK: For the home inspection. But to contract it out, do you mean?

COUNCILWOMAN TASCO: Right.

MS. McCOLLOCK: Again, I can only answer what the labor attorneys told me, which was that they thought that that would not hold up, given the arbitration.

COUNCILWOMAN TASCO: Well, who monitors the settlement grants?

MS. McCOLLOCK: We would monitor -- Well, in terms of the settlement grants, the monitoring of it -- Absent the inspection, is that... I just want to make sure I'm answering correctly.

COUNCILWOMAN TASCO: (Nods head in the affirmative.)

MS. McCOLLOCK: Just the money flows through OHCD. The counseling agencies counsel the clients.

They submit the certification that the client has received the counseling, because it's still -- It would still be a requirement that a client, to receive the settlement grant, got the housing counseling.

So that the way it has worked in the past, and that I envision it will continue to work, is that the counseling agency is submitting the request for the settlement grant.

And so the way that works is they submit the request, and then it's actually paid out through PHDC, who cuts the check.

COUNCILWOMAN TASCO: Okay. What we'd like to do is leave this open so that we can talk about it at sidebar.

MS. McCOLLOCK: Yes.

COUNCILWOMAN TASCO: And not tie up the rest of the hearing. But I think it's important that we try and find a way to do it.

MS. McCOLLOCK: I understand. Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much. Does the stenographer need a break?

COURT REPORTER: Yes; two minutes, please.

COUNCIL PRESIDENT VERNA: Our next witness will be Ed Schwartz. So, if you would come up to the table.

(Brief recess.)

COUNCIL PRESIDENT VERNA: Mr. Schwartz, you can proceed.

MR. SCHWARTZ: Thank you, Councilwoman Verna.

Ed Schwartz, the Institute of Civic Values. I am here to support both the NTI Plan and the Community Development Block Grant application.

My primary comments will be on NTI. And in fact, you're on an aspect of in NTI really that hasn't been discussed a lot today but has been central to the program; and that is, NTI is a vehicle for neighborhood transformation, making neighborhoods -- whatever income level we're

talking about -- better than they were before.

And since we are in the CDBG plan, as Philadelphia Green reports to you on its activities, so I will report to you on ours, within the context of that discussion.

When NTI was first proposed by then candidate John Street, running for Mayor... Can you hear me? You all right? Fine. Bring my cell phone out.

It was at that point, within the context of the kind of open space program that you've heard advocated very eloquently and implemented by Philadelphia Green.

Having spent 25 years, along with a number of others of us, trying to wrestle with what to do about 27,000 boarded up vacant houses, the idea was: Let's get rid of them; wipe the slate clean; provide open space; and redevelop on that basis. And that was the initial formulation of it.

And I believe that, in fact, that formulation reached a loggerhead, frankly, in response to a comment of yours, Council President Verna. I think you articulated that we were going

to create a grass vast wasteland.

And so, the question of then what happens once we have made --

COUNCIL PRESIDENT VERNA: I think I described it as a prairie.

MR. SCHWARTZ: Prairie. Thank you. A prairie.

Whatever it was, it was a metaphore that rang true and crystallized a lot of feeling. And in the support of a little bit of that, I do recall the night when demolition was to have begun, I began to think about conducting demolition in the way that the Administration had effectively conducted getting rid of all the cars or cleaning all the lots.

Would there be tanks rolling into certain areas of the City the next day and just knocking houses down indiscriminately? And what would be the reaction of kids in neighborhood to that, and the rest. That was never the Administration's plan.

But the question of what do we do next has been a valid one. And that question now has been answered, at least in the public eye, by

housing production itself. How fast are we able to move on the housing units that can be made available.

And I must say, I am really thankful not to be housing director within the framework of that expectation, because we have had a 10- or 15-block area of Center City that's been undergoing revitalization for the last 25 years.

And it's taken that long. They're finally just getting around to my block on Chestnut Street where we've worked for the last ten years. And it takes time.

And anybody who's going to hold the Office of Housing or anyone else accountable to a redevelopment strategy if it's defined as physical improvement, then that length of time is going to be in serious trouble.

But for me, NTI offered another opportunity. And it was one on which I've testified for the last ten years since leaving the government.

And that was to leverage housing development, and in this case blight removal, into a comprehensive strategy for revitalization, one

that improved the entire neighborhood.

And while the Administration initially proposed NTI as a blight strategy, they made it very clear that that was the starting point for an overall transformation of the neighborhood that would involve a great many other things.

And over the last four years the Administration has initiated a series of new programs which were identified this morning by Pat Smith as being central to this process, safe Streets, the effort to improve human services, the effort to expand youth development programs and after-school programs for kids.

All of those are part of a what a comprehensive strategy for neighborhood revitalization ought to look like.

What we have done at the Institute for the Study of Civic Values is to begin to orchestrate those disparate activities as part of what we're now calling a neighborhood agenda. We've used that phrase before. I used it when I came to City Council.

The neighborhood agenda broadly put

is making the neighborhood clean, safe, economically viable, and a decent place to raise our children.

And what I've handed to you today is one page which suggests how each of the components of what the Administration is trying to do contributes to fulfilling that neighborhood agenda.

What we're doing is starting to work with a number of groups to take the programs that they're currently implementing with the Administration and some on their own, and fit them into some kind of year-to-year agenda that would represent progress in achieving those goals.

A neighborhood would be asking how a year from now: Can we make our neighborhood look better than it is now? How can we make it safer? How can we make it economically stronger? And how can we make it a better place to raise our kids?

And that, it seems to me, is a pre-condition, doing that, for any meaningful revitalization program or transformation program.

I carry around a five- or six-page pink book that represents the four years of

housing production that occurred when I was director, ten years ago.

And it's interesting to look back at where we invested in housing rehabilitation and where those neighborhoods are now. And uniformly, the neighborhoods that have done the best are not the ones necessarily that got the most money in housing.

They were the neighborhoods that decided also to tackle crime and to do something about underserved kids, and to do something about other aspects of the economy. They're doing better.

The neighborhoods that just hope that housing would do it all remain in rather serious trouble.

I make this point because the Administration is clearly supporting this, and we are reflecting the little bit of money we get in the Community Development Block Grant is in support of this activity.

But I want to make the point that if we're serious about that, and I think we should be, that will by necessity slow down the process

of housing development.

And in fact, the move that Council made that I thought was, in fact, consistent with this was the insistence that whatever happens in these Districts, in your District, in these neighborhoods be done with your full participation and approval.

That was a sensible compromise to be reached. Because the Council Members, you do, have the authority to deal with all the other departments whose collaboration is needed to make this happen.

But we can't put the Administration in an untenable position. There are times I wish frankly that we had developed houses more slowly, if we had had the partnership that we needed, so that we could get that partnership.

But that wasn't our option at that moment. That office, as you may recall, was shut down before I became director. And we had to prove that our office could produce, and it did. And it has continued to produce over the last ten years in an exemplary fashion.

The problems that I'm describing

were not because of the defects in housing. They were the problems that were created by inadequate neighborhood coordination in the other areas that this Administration is now trying to solve.

So I would say to the press -- she's not here today -- this scorecard that appears every two or three weeks in the Daily News, you know, of how many housing projects you did, I think it is putting the office under, and the City, under an untenable and an unfortunate expectation that should not be met.

There is, in fact, every reason at some point to say: We're not going to move forward on these sets of housing developments, whatever they are, unless and until the other components of what we need to do in this neighborhood are being done.

And this Administration is making a serious effort to deal with that. And if the press can't understand that Neighborhood Transformation doesn't mean a blight initiative alone, we have to keep saying that again and again.

Even Tom Ferrick, whose work I have

great respect for overall, had a column a few weeks ago in which he said he went to a meeting in North Philadelphia where the Administration was talking about NTI, in terms of crime and these other things. But by God, it's not that. It's a blight initiative.

No, Tom; you're wrong. It is a metaphor for everything this Administration is trying to do to improve neighborhoods, and this Council is trying to do. And the more we begin to understand that, as we have understood it in relation to Center City development, the better off we're going to be.

Now, I do want to make one or two final comments about the affordable housing issue that's been raised here today, because again, this has been with us for a long time.

When I became director the first year, Cushing Dulbear, who had the founder of Housing Association for Delaware Valley, was commissioned by the Public Interest Law Center, to do a study of housing affordability.

And they discovered that there were 125,000 people in Philadelphia who could afford

only $500 a month or something -- $125 a month rent. And basically there were 100,000 people who could not afford the housing available to them.

And we tried to respond to that in terms of expanding rental property, rental rehabilitation, since it costs less to be a tenant, all other things being equal, than being a homeowner.

But there is no conceivable way that the City of Philadelphia, jiggling around the tiny little bit of money that we have, is going to be able to respond adequately to this problem.

My own work over the last decade to deal with this issue has involved Welfare to Work where we've helped hundreds and thousands of people keep their welfare checks by getting experience in community jobs, and ultimately being placed into jobs that pays them more than it would a living wage.

That's an income gap. And I almost find it ironic to come here to tax reform hearings and to listen to the Pennsylvania Economy League inform us that a $58,000 median sales price for a house in Philadelphia represents depressed

property values that will rise if only we can reconstruct our tax structure.

And then to walk into these hearings and hear that that same median housing sales price and the median rents are beyond the reach of the lowest income residents of the city. That is, in fact, correct.

But my final point is this: This hearing began with one particular piece of information from the Housing Director, Deborah McCollock, and some others.

And that is that we've lost $5 million in CDBG funds, and that we've lost other money as a result of not having the previous years' funding that we had. And they could have added last year the amount of money that offices had to pay back because of Section 108 loan interest payments.

And you know, the people in Washington who do this to us are just as happy to hear hearings like this where we eat each other alive while they go Scot free.

My response to that ten years ago was to walk, at least to Harrisburg, which was

cutting some of our money, and actually Deborah McCollock and Scott Wilds were the two other people who joined that whole walk as part of their commitment.

I understand. I agree. Sherry Honkala and KWRU are one of the few groups that does, in fact, function nationally and internationally. And we're not off the hook. But we are, in fact, in part pawns in the game.

And as we try to eat each other alive, it seems to me we ought to recognize that some of these problems are not solvable within the resources at our disposal. And the challenge is how we get together to fight more effectively nationally to get the resources that we need.

So I thank you for this opportunity to say three things: One is that comprehensive neighborhood revitalization involves the leveraging of every aspect of the city to make the neighborhoods clean, safe, economically viable, and decent places to raise our children.

Our organization is now working with a whole bunch of groups to do exactly that, to build neighborhood agendas that cover those bases.

And a year from now, there will be dozens of them doing that, with full partnership and support for the Administration.

Secondly, the housing affordability issue, we will wrestle with it and struggle with it here. And I will certainly do my best.

But ultimately, if we're going to deal with that problem, we have to deal with it beyond the City and come together to fight for some of the things that we need in Philadelphia in order to provide people with the resources they need.

Thank you very much for your time.

COUNCIL PRESIDENT VERNA: Thank you. Thank you very much.

Our next witness is Laura Boyce. Is Miss Boyce here?

(No response.)

COUNCIL PRESIDENT VERNA: William Gonzalez.

(No response.)

COUNCIL PRESIDENT VERNA: Canvas Bell from the William Penn Foundation.

(No response.)

COUNCIL PRESIDENT VERNA:

Dr. Stephen Jones.

Good afternoon.

DR. JONES: Good afternoon. Good afternoon, Madam President, Chairperson Blackwell. And thank you for giving me this opportunity to speak to you today.

My name is Dr. Stephen Jones, and I'm Director of the Metropolitan Career Center Computer Technology Institute or CTI, located at the Land Title Building, 100 South Broad Street.

Since 1998, OHCD has provided between $75,000 and $115,000 in support of CTI's work with Philadelphia low income residents who have had not had an opportunity at traditional education or skills or to succeed in the work force.

I am here to ask you to continue to provide critical funding for 200 adult Philadelphia residents as they cross the digital divide and begin careers that will support their families, their neighborhoods, and the City.

MCC is concerned about taking a holistic approach to housing by educating low

income residents.

Metropolitan Career Center is a 501 C-3 non-profit organization founded in 1974 to help individuals realize their potential and accomplish their employment goals through education and support.

Since 1974 MCC has helped nearly 10,000 adults start on the path to economic self-sufficiency. We created CTI in 1995 to meet the demand to provide more access to jobs for undereducated and unemployed men.

We also created CTI to bridge the digital divide and to help more people of color qualify for jobs with career ladders in Philadelphia still growing information technology job markets.

CTI serves adult students from throughout Philadelphia. 50 percent are male; 50 percent are female. The average age of our students is 32. And 99 percent of our students are minority. 100 percent of our students come from low income households.

CTI has graduated over 219 students. In 2001, 2002 academic year, 41 percent of our

students completed CTI's 15-month associate degree, specialized technology program.

Our completion rate is higher than the national average for students who began associate degrees, actually supported by ACT. This translates into higher return on investment, more people qualified to afford housing in the City of Philadelphia.

For an example, Stephen Coleman, who recently completed an associate degree at CTI last August after an internship in information technology in a building working with S.E.P.T.A., Stephen is now a full-time employee in information systems support for the School District of Philadelphia, having made a transition from being unemployed and living with his mother to being fully employed and established on the career ladder.

Another striking example of CTI's return on investment, is Colleen Howell, who was on welfare and living in a shelter with her two children when she started classes at CTI in 2001.

Colleen has graduated, and she's now working at the University of Pennsylvania, and is

working on a Bachelors Degree at Drexel University.

I provided a list of regional employers. There's several employers that our students are currently working for in the area: ATX Communication, Children's Hospital, Five Serve, Lemans, Pennsylvania Department of Transportation in the City of Philadelphia, Unisys, and Vision Quest.

And numerous positions: Computer lab facilitator, data analyst hardware technician, network systems administrator, and systems analyst.

CTI is unique in Philadelphia and unique in the Delaware Valley. CTI gives low income Philadelphia residents a chance they do not have elsewhere.

The impact of OHCD's $75,000 this year will be significant to each of our students, and provides them with income to afford housing.

With the projected enrollment of 200 students in 2003, 2004, you'll provide a minimum of $375 in support of each student's tuition.

As I remind you that all our

students are low income households -- come from low income households, and in most cases cannot afford even the minimal payment in tuition.

I want to give you a brief picture of the funding that supports our students. CTI raises private dollars to fund scholarship programs for students who are not qualified for full PEL and PHIA awards. And I am happy to say that in the past year we have raised more than $50,000 for individuals and local corporations.

But the continuing economic downturn is affecting philanthropy across the country, and it certainly has affected our school as well. As a result, we are forced to raise our tuition this year.

Recent public reports on PEL and PHIA are not favorable. Most students across the country are applying for grants, but many of them do no longer qualify.

So what will our students do? Many of our students qualify for -- do qualify for loans, but students have to begin repaying their loans soon after graduation.

And although CTI's graduates tend to

get better paying jobs than they would have before, they still are entry level in terms of their employment.

As you know, a default will stay with a graduate and may impair his or her ability to gain credit or to gain certain jobs.

Additionally, high default rate will impair CTI's standing with federal and student financial assistance programs.

OHCD's continued support causing an offset of $375 per student next year will have a direct impact on our students' ability to stay in school, graduate, and move on to well paying jobs with career ladder. It will also provide them with, again, income to afford housing.

With your support, these men and women will be on the path of self sufficiency and ready to support their families, neighborhoods, and the City.

Thank you for your time, and I'm available to answer any questions.

COUNCIL PRESIDENT VERNA: Thank you, Doctor. Thank you very much.

DR. JONES: Thank you.

COUNCIL PRESIDENT VERNA: Cassie James Holdsworth. Oh, Cassie. Sorry.

MS. HOLDSWORTH: Hello. My name is Cassie James Holdsworth. And I just got back to Philadelphia, the town where I grew up, and the town that I loved my whole life.

And sitting here I was looking at Frank Rizzo. And I had a story about his father. When I was about 18 years old or 19 years old, I was from a family of 10, and we didn't qualify for much. We didn't have much money.

But since my father had a job and any money at all, we didn't qualify for a lot of things that I needed as a disabled person, unless I went out on my own.

So, I wrote a letter to Frank Rizzo, and I told him my story, that I was a young girl who wanted to go to college. My family had nine other brothers and sisters, and so forth; and I had to live on my own to qualify to be able to do anything to achieve my goals to become an adult that I wanted to become.

And in those days the City actually did things, like, you know, wrote back a week

later, gave me a list of apartments -- in the worst neighborhoods, mind you. But disabled people back then, we lived in the worst neighborhoods.

And guess what? We grew to love people that we would have never known otherwise. I was in North Philadelphia, at Guildhouse West, my first apartment.

I was never prejudiced anyway, because I grew up in a hospital mostly, so I didn't have all those racial problems other people seem to talk about, and things, because I knew who I loved. I knew the people that took care of me. And they were multi-cultural and from all different ethnic backgrounds.

And the thing that really makes me sick today is the way all this economic integration crap. It's a load of bullshit. It's been used to put people out. Improved neighborhoods have been used to put poor people out.

I left when there was a housing crisis. I felt a little burnt out from it. I didn't go to jail every day for it like Sherry did

over here, but I was enough at PHA.

I filled out applications. I did paperwork for poor people to get them housing historically for years before I left this town.

And I finally had time and got married, a child and a home of my own. And I was already in my 40s before I even thought about my own life.

But I missed it. I missed the thrill of everything in Philadelphia. But I never thought when I got back here it would be in worse shape than when I left. Not all the work that we put into housing, all the work the activists did around disability.

But today people are fighting for beds again, after 20 years of testifying about nursing homes are not housing.

Now, you're trying to even put non-disabled people into the beds. Shelter system didn't work in New York. And it's not going to work in Philadelphia. It's not going to work for the disabled. And it's never got going to work for able bodied people.

It doesn't teach people values to

have a bed. Jail can do the same thing for anybody and it's free.

(Applause.)

MS. HOLDSWORTH: I just hope, you know, that Philadelphia can stay the same kind of place that takes action on issues that I used to see it as a kid. And that is one reason why I've grown up to be somebody who's been an activist and to be outspoken.

Because I remember when you could call the Action Committee in City Council and get a ride to school.

But you know what? Somewhere the bureaucracy has gotten lost, because, you know, you used to be able to stop in Lucien Blackwell's office, and he had a line three blocks. You didn't even have to live in his neighborhood. He'd help anybody he could.

VOICES IN THE AUDIENCE: That's right.

MS. HOLDSWORTH: What has happened in this town where, you know, you go and you see your neighbors become homeless?

A young mom's lost her job and needs

help to get her disabled child insurance. And the City Council people can't help and the Mayor can't help. And nobody can help.

Well, you're not going improve the neighborhoods until you can take action for the people that live here. And a prairie sounds real good. A prairie sounds great. But we're in Philadelphia, and we have too many people for a prairie.

We need a community, one that helps each other. And a community can look good. And we can all live together when we accept that we are all here and we stop running each other out of town.

And thank you, you know, Michael Nutter for supporting the Affordable Housing Coalition.

And I also think that if you're going to continue public housing, please make it visible. Any public dollars used to make visible housing, because you'll never have integration. You'll keep going back to putting people in wheelchairs in nursing homes.

You'll keep going back to, you know,

running people out to improve neighborhoods rather than improve neighborhoods where people live, until you start allowing for all people to meet people.

There's a lot of people I can't meet in Philadelphia. Right now I live in the Northeast. I can't meet most of my neighbors, because there's 12 to 20 steps in front of every house.

I don't think public dollars should ever do that. And I hope it comes a day that no housing contract person wants to put all those steps out, because you keep thinking I belong in a nursing home because you'll never know me, and it will be easier that way. Thank you.

(Applause and cheers.).

PRESIDENT VERNA: Thank you very much.

Leola Stowell.

MS. STOWELL: Good afternoon, Madam President.

COUNCIL PRESIDENT VERNA: Good afternoon, Leola.

MS. STOWELL: Council members.

Thank you for hearing me briefly this afternoon.

Honorable Council members, I am here in regards to 1928 South Redfield Street in the 40th ward, 5th Division in this City.

This property is owned by the City of Philadelphia. And after I was told that this property would be deeded over to me, three weeks later I was informed that it was scheduled for demolition.

And I'm sitting here in front of you as almost darn near homeless from domestic violence.

And I'm asking: This property is in very good condition, and it is salvageable. And I can't understand why these people are going around here tearing down houses, and there's a woman like myself that have done so much in this City for the Democrats... homeless.

And I'm asking this Council, this good Council, and especially President Verna, to ask that this property be removed from the demolition list, and that this property be deeded over to me, as was stated by the RDA.

Prior to this property, I had

another property that was taken because of my unemployment situation by Universal Company because I got back two months in my taxes.

Now here I stand again, and as I stated, as a woman of domestic violence, to be homeless again. No, I don't think so, because --

COUNCIL PRESIDENT VERNA: I don't want to interrupt you, but it's my understanding that you have made several calls on this.

MS. STOWELL: Yes, I have.

COUNCIL PRESIDENT VERNA: And it is my understanding that L & I has gone out to look at this property. It has not been declared eminently dangerous but it has been declared dangerous.

It's my understanding further that the rear of the property is in dangerous condition. I just don't know how much money it would take to put it in condition that it would be livable.

However, we will look into this, and we'll notify you by letter.

MS. STOWELL: Thank you. But Councilwoman Verna, I don't know -- As somebody

said today previously, the inspector must be on crack because there's only seven bricks missing from the back wall, which can be repaired.

COUNCIL PRESIDENT VERNA: Well, I'm not an engineer. I have not seen the rear of the property, and I cannot --

MS. STOWELL: Well, I have.

COUNCIL PRESIDENT VERNA: -- make that determination.

I am telling you that we will have an inspector from L & I go out to this address, and we will be in touch with you.

MS. STOWELL: Well, I thank you. But I tell you this much: Whatever the inspector comes up with, I'm not going anywhere.

Because I'll be doggoned if I'm going to be homeless in this City, with all these houses sitting around, and then when you get a property -- awarded a property, and then they're going to tell me that now I can't have the property.

Well, I don't think so, because there's nobody going to tear down 1928 South Redfield Street over my 56-year-old body because I

mean it. They'll get every police from the 12th District because I'm not going nowhere.

COUNCIL PRESIDENT VERNA: Okay.

Our next witness is Judith Robinson. Is Miss Robinson here?

After Miss Robinson, we have Raymond Parker. Is Mr. Parker here?

Miss Robinson, please identify yourself for the record and proceed with your testimony.

MS. ROBINSON: Good afternoon. My name is Judith Robinson. I am here today to testify on behalf of both ordinances.

I've heard a lot of call this afternoon for affordable housing.

As a resident of North Philadelphia, homeowner, and as a real estate broker, I would agree with all. I know for a fact, although I enjoy selling houses well over $50,000 -- I do get paid -- I know that there are not a lot of homes $50,000 and below.

Also, there are a shortage of rental units that would be $500 and below. I really find this very ironic, because I live in the area that

has the second highest concentration of PHA houses, scattered sites in the Susquehanna area of North Philadelphia.

PHA -- and I know this to be a fact -- has many houses that are vacant, that if you would check their records, have been rehabbed within the past three years or more -- or less, I should say.

A lot of those houses are sitting right now vacant. And they certainly could be used, as they were just a few years ago, to house all the people on these long waiting lists that we have in the City.

A lot of the properties that are being demolished, as this lady just stated, can be salvaged. I question Licenses and Inspection, and because I know that properties can be salvaged.

I've seen properties with the whole back off salvaged, and are now used as transitional housing, such as the properties 2800 block of Diamond Street.

There was no backs on those properties. So, a few bricks here and a few bricks there, those properties can be salvaged.

It's just a matter of the will to do that.

But right now, we have hundreds of millions of dollars slated for demolition, so a lot of properties are being demolished that can be salvaged.

I have cross-referenced what Licenses and Inspection is stating as the reason for demolition, and have backtracked to see that they were not of significant enough structurally for these properties to be demolished.

So, I would question whether properties are being demolished that could be salvaged.

Encapsulation is an area that I think more money should be spent in. A lot of affordable houses are in sections of the City where a lot of demolition has taken place. More money should be put into salvaging properties, encapsulating properties.

And the CLIP program should be in every area of the City, because there are good, strong, solid blocks in every area of the City. And they should be stabilized.

(Applause.)

MS. ROBINSON: Basic systems repair. I thank you all for putting an additional $3 million into basic systems repair, in addition to the $5 million from last year. But there still seems to be a major waiting list for those people that are in need of basic systems repair.

An area that I didn't see addressed in the NTI plan or in the Community Block Development Grants is an area of tangled titles, because I'm looking for ways to prevent what has presented itself as a major problem to us now.

Tangled titles are where a person that may be deceased now is still in ownership on a property, and their family members or someone else may be living in the property.

Money should be allocated to deal with this issue, and then people that have the expertise to deal with this issue be given an opportunity to do just that.

I am happy to hear that there is a mini Philaloan or some type of sub-prime product. I just would like to know, when will the community find out about this? I'm finding out about it today, and I am a real estate professional that

would be encouraging people to use this product.

So I think you need to quickly get that information disseminated out into the community. If it's a good thing, I would certainly like to see that.

Because Philaloan is for people with excellent credit. I think there needs to be something, a product out here, for people with less than perfect credit or less than perfect or prime underwriting standards, such as condition of house, et cetera.

In all of these projects, please make sure that equal opportunity, economic opportunities are illustrated with all these projects.

Over many years now, we have talked about community development. It's been 29 years now, and some communities such as in North Central Philadelphia where I live have not seemed to rise with the amount of money that's being allocated to it.

Now, don't get me wrong. I'm not asking for any money to be taken away. I'm just asking for these projects to connect, to truly

develop our communities, along with other social economic issues that can be addressed to help really truly develop a community.

There was a lot of talk today about the home inspection grant. I as a real estate broker have clients 100 percent of the time get a home inspection. And they understand clearly what is going on in these older houses.

But sellers who have money in the transaction are not willing to do every single repair requested as the prior City grant process worked, because they may give more than $800 or $1,000. Sometimes they can give three to six percent.

So here they are giving thousands of dollars to the transaction to make it work, and then they're being requested to do every single little repair in order for a buyer to partake in the grant process.

Some of the suggestions I thought might be good is to have a request for certifications on your major systems, which is something most sellers are willing to do for the buyer.

But to have requests that they do every single little repair is unrealistic. And that's why a lot of times we had sellers that were not willing to participate in the program, although I think it is overall a good idea.

When you limit the home inspectors to three groups, three companies, I think that limits opportunities for African Americans and other minorities to participate as inspectors.

They are qualified. They have the ASHI designation, but they're not part of this little process. So I would like to see it open up more if it does come back into existence with the home inspection attached.

Also, I'm concerned about land banking. I see a lot of money being used for acquisition, and there's no project for the designated land being banked.

The City right now and PHA -- I'm going to add that to the City mix -- are the owners of a lot of properties that are being demolished right now.

So I don't want to see land being held in the City ownership, and then manipulated

politically, and small developers not get in on this deal. And the people, the average citizen that would like to get a side lot or get lots on their block, be cut out of the process.

So I really think we need to look closer at the acquisition and the land banking, and encourage the Administration to start marketing this land, so that we don't end up in the future with the City owning just a bunch of vacant lots, and nobody willing to develop on them.

And I thank you very much for the time.

COUNCIL PRESIDENT VERNA: Thank you very much.

Our next witness, again, is Raymond Parker here?

(No response.)

COUNCIL PRESIDENT VERNA: Marie Penn?

(No response.)

COUNCIL PRESIDENT VERNA: Richard Gilnick.

(No response.)

COUNCIL PRESIDENT VERNA: Al Rothstein.

(No response.)

COUNCIL PRESIDENT VERNA: Is there anyone else in the audience who would like to testify?

Please approach the witness table. Kindly identify yourself for the record.

MR. KELLY: Hi. I'm Donald Kelly, the Director of Community and Economic Development with the Greater Philadelphia Urban Affairs Coalition. I did register to testify. My name must have been dropped somewhere along the line.

COUNCIL PRESIDENT VERNA: I believe we may have called you earlier.

MR. KELLY: I couldn't hear. I was here the whole time.

COUNCIL PRESIDENT VERNA: Sorry.

MR. KELLY: Okay. Sorry about that.

I'd like to thank you for the opportunity to share the Coalition's view on two programs of the NTI, the Sub-prime Anti-predatory lending program, and the Employer Assisted Housing Program.

The new loan program will be announced by the Mayor on June the 19th, and was designed by a partnership of banks, community counseling agencies, and City community development officials, under the auspices of the Greater Philadelphia Urban Affairs Coalition.

The PHIL plus and the mini PHIL programs, loan programs, are the result of this collaboration. And they represent an attempt to provide potential victims of predatory lenders with an honest, fair, and reasonably priced alternative.

During its pilot year, just getting under way, the program is funded under the City's '03 fiscal year budget, and is therefore not included in the '04 budget before you.

At this time we simply ask the City Administration and City Council to remember this initiative in the planning for the fiscal year '05 budget when that time comes up, because additional funding will likely be required to continue offering this alternative to vulnerable sub-prime borrowers.

The second initiative is the

Employer Assisted Housing Program. GPUAC was awarded funds in fiscal year '03 to create this new program, get it up and running with at least two major employers in the City of Philadelphia.

The idea behind the program is to provide Philadelphia employers with a menu of housing-related benefits from which they can select an offering to their present and prospective employees.

These benefits may include such things as down payment in closing costs assistance, mortgage subsidy, mortgage insurance, home improvement grants, home inspections, and home ownership counseling.

A particular employer may view the housing benefit as an additional incentive to attract employees to work in the City of Philadelphia and/or as a strategy to encourage employees to buy and improve homes in the vicinity of the employer's facility.

As such, this is an economic development program, as well as a housing development program, that encourages employers to remain in the City.

The proposal allocation of $750,000 of NTI proceeds in fiscal year '04 will enable the City to provide to home buyers and home improvers grants that match those that their employers are offering.

The allocation will also enable GPUAC to expand the number of participating employers and employees and continue administrating this initiative.

If there are any questions, I would be happy to answer them.

COUNCIL PRESIDENT VERNA: Are there any questions?

The Chair recognizes Councilman Goode.

COUNCILMAN GOODE: Thank you, Madam President.

Good afternoon, Mr. Kelly.

We heard testimony earlier about the fact that we're all pleased to add a predatory lending product, but there is a need for the more drastic measure of coming up with a fund to actually buy out predatory loans already out there.

I know GPUAC works very closely with a number of financial institutions. Are there any plans in the works to actually look at a massive type of capital to refinance those predatory loans that are already out there?

MR. KELLY: No. There's another initiative that I guess you heard about that is addressing that, the reinvestment fund, and ACORN. And I know Beneficial was involved with that for a while.

Our initiative is to prevent predatory loans from taking place. Well, at least to give people an alternative. And we think we can do a larger volume, because they're not nearly as labor intensive deals as the bailout product would be. That's very labor intensive.

COUNCILMAN GOODE: So are you satisfied the Reinvestment Fund is coming up with a vehicle for the bailout?

MR. KELLY: Well, I don't think that that would be my decision. But the City is working with the Reinvestment Fund on that program. And I guess you need to ask them whether they're satisfied with that.

COUNCILMAN GOODE: My issue is really with the banks associated with GPUAC, whether a discussion of this problem, whether beyond them putting up money for an anti-predatory lending product, that they also look at the fact that they had investments, and many of these predatory lenders in some cases had direct connections to these predatory lenders, and they should take some part in the bailout.

MR. KELLY: I think that was addressed in the deliberations on this about a year ago, before I got involved with the process. And the decision was made that they could more effectively use their time and resources on the alternative product, rather than the bailout product.

I'll bring it back to them if you'd like. I'd be happy to pass that on.

COUNCILMAN GOODE: Appreciate it.

MR. KELLY: Sure.

COUNCILMAN GOODE: Thank you Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions?

The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Mr. Kelly, I just would... I support Councilman Goode's statement.

During the course of our attempt to pass a predatory lending bill here in Philadelphia, some of the banks at the table did mention their interest in trying to find predatory products to -- or make an effort to try and buy out some of the predatory loans. So that was a discussion on the table.

Let me ask you a question: We have issued a term program in the West Oak Lane area. One of the problems they ran into in trying to provide grants and loans to some of the prospective borrowers was credit.

MR. KELLY: Yeah.

COUNCILWOMAN TASCO: And the credit... Because people have -- some people have poor credit, that's why they are, you know, attracted to predatory lenders. It's prime lenders who have predatory loans.

What happens -- I mean, how is your program going -- And I am very familiar with the program as part of the initiative that rose out of the predatory lending hearings.

How are you going to deal with the issue of credit?

MR. KELLY: Yeah. Well, that's -- that's -- The group of people that are generally called sub-prime borrowers means -- refers to people whose credit is not good enough to get a conventional bank loan.

And that's the target group that we're going after. And that's what this lending program is about, is to make loans to that category of people.

Now, it doesn't mean that we'll give loans to anybody with any kind of credit record. But it will be people -- there's a kind of a scoring system, and normally banks look to make loans to people with what they call FICO scores of 620 or higher.

This will go down to 580. So, there's a range here of people that would not normally be able to get a bank loan, that will

have sufficiently -- will accept their credit records under this program.

COUNCILWOMAN TASCO: Okay. Thank you.

MR. KELLY: You're welcome.

COUNCIL PRESIDENT VERNA: Thank you.

Any other questions from Members of the Committee?

Thank you, Mr. Kelly.

Our next witness. Please identify yourself for the record and proceed with your testimony.

MS. SIDU: Good afternoon. My name is Simron Sidu, and I'm here today as Executive Director of the Youth Build Philadelphia Charter School. We also registered earlier, but I'm sure it's lost.

I'm here with one of our students, Walter Capps, who will be graduating in a few weeks. We're here to provide a brief update on the status of Youth Build, and the critical support we receive from youth through the Office of Housing and Community Development.

We are currently finishing our 11th

year as a Youth Build Program, and our 6th year as a charter school.

Our school combines individualized academic education with on-the-job training in construction, and students spend 50 percent of their time at construction sites, and the other half in our classrooms.

All of our students are former high school dropouts who have decided that they want to get their lives back together.

In just three weeks, over 100 students are expected to earn their high school diplomas and graduate from our program.

During the year, they've been working on the full rehabilitation of three houses in the Allegheny West section, and four apartments in South Philadelphia.

Overall, Youth Build has almost 700 graduates, and we've built 55 houses for low income families in Philadelphia.

Over 80 percent of our last three graduating classes have gone on to full-time jobs or continued their education.

OHCD has supported us for nine years

now by providing us with an important operating ground, and by subsidizing the housing construction that our students do. That's, they've allowed us to address the City's most critical issues: Undereducated youth, and abandoned housing.

Together we provide a way for mobilizing youth to become positive work force, reversing urban blight. The benefits of our program are tangible and they encompass the entire community.

For the 2003, 2004 academic year Youth Build will enroll another 150 out-of-school youths from a number of Districts in the City.

OHCD has proposed to continue to support Youth Build for the '03, '04 year, with operating support of 800,000, and development subsidies provided on a project-by-project basis through CDBG funds.

These funds have been a vital lifeline to us, as we work to leverage other resources for our program. Each year for the past nine years we've used these funds to leverage nearly twice as much in Federal, state, and

private monies, including an increase in a competitive youth program from the U.S. Department of Housing and Urban Development.

The development subsidies provided through CDBG funds will be used to allow students in the 2003, 2004 class to rebuild five abandoned houses in the City.

However, the most powerful resource these funds allow us to leverage is the positive energy of the young people in our City who are determined to turn their lives around.

Each year we are able to enroll less than a third of the youth that apply to our program. Continued support from the City is crucial to us, as we serve increasing numbers of at-risk youth in Philadelphia, and continue to rebuild communities one block at a time.

We are grateful for the support we've received from the City. On behalf of the many young men and women in Philadelphia who are in need of a second chance, I thank City Council and OHCD for your support.

And Walter Capps would just like a minute of the Council's time.

MR. CAPPS: Good afternoon. My name is Walter Capps. I'm currently --

COUNCIL PRESIDENT VERNA: Can't hear you.

MR. CAPPS: Good afternoon. My name is Walter Capps. I'm currently a student at Youth Build Charter School.

Actually, I used to be Walter Capps dropout, unproductive citizen, and a statistic. Now, I'm Walter Capps, 8th overall in my class of 150 students.

I'm now Walter Capps, basketball star and MVP of the 2002, 2003 basketball season.

I'm now Walter Capps, an active participant in cleaning up the streets in our Philadelphia neighborhoods.

I'm now Walter Capps with a very promising future. And all that is possible because Youth Build gave me a second chance. Thank you.

(Applause.)

COUNCIL PRESIDENT VERNA: Thank you. Thank you very much.

Are there any other witnesses that

would like to testify?

Would you please approach the witness table. Please identify yourself for the record.

MR. SORRELL: Good afternoon. My name is Thomas Sorrell. I'm the Executive Director of Liberty Resources in Philadelphia. We're the center for independent living for people with disabilities within the County of Philadelphia.

I am sure at this late stage in the day that you've heard lots of testimony about the urgent need for accessible and affordable housing, but I'm here with a rather recent anecdotal example of why this is such an important issue to people with disabilities living in Philadelphia.

Just this past Friday, towards the end of the day, I received a phone call from a very troubled consumer of ours who was attempting to seek accessible housing at one of the City's shelters through OESS.

OESS was not able to assist this consumer, and basically said there's nothing we can do. We cannot put her at Riverview, because

at Riverview you cannot have a person reside there with attendant care services.

As you might know, attendant care services is the service that people with disabilities use to accomplish basic living activities, such as dressing, getting out of bed in the morning, transferring from their bed into their wheelchairs, and so on.

And their policy was that because Riverview is considered a personal care boarding home, that the personal care boarding home regs prohibit the use of outside attendant care.

Without getting into the merits of that excuse, my organization, which is a nonprofit organization, with a limited budget, facing a potential $6 million reduction in our $17 million budget, was forced to put this consumer up at our own expense this weekend at the Comfort Inn on Delaware Avenue, which cost us over $400. I have the bill right here. I just paid it today.

And I should leave this bill with the Office of Emergency Shelter. Because to basically turn away a City resident because that agency is either refusing to provide housing to

the individual with the disability, whether it's a budget excuse, or a policy excuse, is unacceptable.

And nonprofit agencies should not be in the business of housing people with disabilities.

Liberty by law is not permitted to house individuals. So by putting her in this hotel over the weekend, we basically saved this client a weekend on the streets of Philadelphia.

This afternoon, as I entered this room, I received another call from another consumer who's facing the same predicament. And she's going to spend tonight at the Comfort Inn at Liberty Resource's expense as well.

It's horrendous that this is happening to the residents of the City. And we need City Council to address and focus its intent on accessible and affordable housing for people with disabilities, rather than NTI.

If I was convinced that NTI was going to properly address the needs of Philadelphia's most needy citizens, including people with disabilities, we would be supporting

it fully. But at this stage, and our read on it, it's not.

So I encourage you to really reconsider this NTI initiative and I support Councilman Nutter and others who are attempting to help us. Thank you very much.

(Applause and cheers.)

COUNCIL PRESIDENT VERNA: Thank you.

Are there any other witnesses that would like to be heard?

(No response.)

Seeing none, I would ask -- Oh, I'm sorry. Councilwoman Tasco. Excuse me, sir. Sir, just a moment, please.

COUNCILWOMAN TASCO: I'd just like to say to this gentleman that in the Logan sinking home area we are in discussion with the Administration on development in that area. And NTI dollars will be used to acquire the land there.

And as we -- In our discussion, we are talking about affordable housing for the disabled as a part of that development. So we want you to know that there is a discussion from

this Councilperson, and I'm sure other Council members. And Donna Miller, I know, is discussing that also. But it is on part of our discussion, and hopefully will be part of our plan for that area.

MR. SORRELL: Thank you.

COUNCIL PRESIDENT VERNA: Thank you very much.

The Chair recognizes Councilman Cohen.

COUNCILMAN COHEN: Has anybody discussed the issue that was presented by the Sunday Inquirer with respect to the closing of a transitional housing apartment building in West Philadelphia?

Is Robert Hespin here to testify at all?

COUNCIL PRESIDENT VERNA: No.

COUNCILMAN COHEN: Well, he filed a report on the story, and I think we've got to get to the bottom of it before we can take any kind of final action.

The Salvation Army runs a transitional housing development. I don't know

how many families are involved -- maybe 25, maybe 50 -- around 46th and Walnut Street in Philadelphia.

And the City has announced that it is no longer going to continue to operate, and that the people are going to have to be moved. Where to? Nobody knows. When? People say right away. And that's all the people know.

And I think it's about time, this City at least, learn that people are human beings and have a right to be treated properly, and not subject to these sudden letters that were testified to earlier today about notifying people your house has been taken.

I think people react much too calmly to news like that. I think I'd be very upset if I ever got a letter announcing to me suddenly my home's been taken by somebody, whoever it was.

Or if I was living in a transitional housing where I was a ward of the government, I would think it's absolutely outrageous that the government that I'm trusting to provide what I need turns on me and suddenly says, you got to move. How? Where?

If you're disabled you have a greater problem. If you're poor, you have a totally intensified problem. I think we've got to start understanding that people are people, and humanity is an important aspect of government.

We can't treat people like they're things or objects with no sensitivity and no feeling.

So I would like to ask, Madam President -- I don't want to hold up any action on legislation. But before this hearing is adjourned, I'd like to ask for the presence of Robert Hess, the Director of Adult Services.

I called him over the weekend, as soon as I read the article, and told him he ought to be on call, because I think Council want to find out the details on that, unless you have something to offer.

So I would just make that one request, Madam President, that he be called at some point when this Committee resumes hearings on some other subject if necessary or on this subject.

Thank you, Madam President.

I have no question of the witness. He seemed to be very clear.

(Applause.)

COUNCILWOMAN BLACKWELL: Councilman Cohen, I have been in communication with and met with Mr. Hess as recently as right five minutes before this hearing today, and certainly they are gathering some more information or details.

And it was my job to contact you to talk about us having a meeting at some point somehow in the schedule tomorrow. I knew today was hard because we have NTI and CDBG hearings all day. But certainly there is information available. Some of it wasn't all in. But obviously this is an issue that concerns me, an issue to which I am committed.

And I would say to the gentleman before us: I'm happy to help you in any way I can. In the greatest country in the world, nobody should be on the streets, and certainly in Philadelphia. That's always our commitment.

So we're happy to work with you and Councilman Cohen. Certainly we want to have a full discussion with regard to this. And thank

you.

COUNCILMAN COHEN: Madam Chair, did I hear you say that sometime tomorrow Mr. Hess will be called over? That's my specific request.

COUNCILWOMAN BLACKWELL: Or I will contact you in the morning. More information was due in today. He can be called over.

COUNCILMAN COHEN: No. Tomorrow will be fine.

COUNCILWOMAN BLACKWELL: Then I will contact you in the morning.

COUNCILMAN COHEN: Very good. Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Do we have any other witnesses that would like to testify?

Thank you very much, sir.

MR. SORRELL: Thank you very much.

COUNCIL PRESIDENT VERNA: I would now like to call the Administration up, Pat Smith and, Mr. Hanna.

Miss Smith, in your testimony you mention about several large scale development projects going on throughout the City. You

mention Capeheart and also Tasker/Grays Ferry. Are there any NCI monies going into either one of those projects?

MS. SMITH: One of the things with the -- looking at with Tasker Homes is supporting some repair grant resources being targeted, as we said, to start adding resources for existing owner/occupieds in and around Tasker.

And the financing I would turn over to Mr. Hanna. We're looking at some resources in terms of...

MR. HANNA: Also, as far as Tasker is concerned, one of the --

COUNCIL PRESIDENT VERNA: Excuse me just a minute.

The noise level is really much too high. We cannot hear the witness.

MR. HANNA: I'm sorry. My name is Kevin Hanna.

Again, relative to Tasker, one of the other possible source -- One of the other possible uses of NTI funds, as far as Tasker goes, would relate to funding of an overall planning initiative that would include --

COUNCIL PRESIDENT VERNA: Overall?

MR. HANNA: A Planning initiative, that would include how best to utilize funds, how to actually identify funds to help improve the housing between the area of Tasker and the Toll Brothers property. That's one potential use of NTI funds.

As far as Capeheart is concerned, to my knowledge there are no NTI funds involved there.

MS. SMITH: No. No.

MR. HANNA: The private developer purchased the property.

COUNCIL PRESIDENT VERNA: Why do we mention that with NTI?

MR. HANNA: Because NTI is helping that project. NTI -- My office and my deputy are helping that project through the development process.

And that's one of the things that we talked about, in terms of NTI, we would be -- our office -- my office would be in a much better position hopefully to help large scale developments make it through the labyrinth that is

City Hall in permits, et cetera.

COUNCIL PRESIDENT VERNA: So, with the Tasker/Grays Ferry, you're going to be addressing vacant properties that may very well be surrounding the Tasker Homes?

MR. HANNA: Yes; that, and an awful lot more. We'll address vacant properties in and around the Tasker area, again, specifically between Tasker Homes and the Toll Brothers properties.

We'll address how to provide recreational facilities, to include possibly working with the School Board on the Auden Reid School.

We'll also address certain infrastructural issues, such as streets and roads, again, specifically around Tasker Homes. All of those issues would be addressed in this --

COUNCIL PRESIDENT VERNA: In and around Tasker Homes. And Tasker homes?

MR. HANNA: Not just Tasker homes, but the area to include Tasker Homes, but the area from Tasker to the Toll Brothers property.

COUNCIL PRESIDENT VERNA: Well, Toll

Brothers is not in the Grays Ferry area, but that's okay.

The Chair recognizes Councilman Cohen.

COUNCILMAN COHEN: Thank you, Madam President.

I have a much more moderate request. What's with the apartment house at 16th and Grange? This is year four of the questioning. I don't see how I can possibly support an NTI program unless it makes some arrangement.

MR. HANNA: 16th and Grange?

COUNCILMAN COHEN: Grange, G-r-a-n-g-e.

It's been talked about at hearing after hearing. It's vital to the stability of West Oak Lane, before that area where it's located gets to be blighted.

Somehow it's managed to escape total deterioration, but it needs assistance. It needs somebody who's interested enough in the City to sit down and make a study of it, to figure out how we do it, and then to go about to do it. Small building, just about 25 apartments. It's not a

major one.

But I don't see how, if NTI can't handle that simple problem -- I picked that one out in the entire West Oak Lane, to see whether NTI means anything or whether it's just a collection of empty lots.

And so far you're proving the wrong conclusion, I think. I can't understand why it takes years and years and nothing happens.

COUNCIL PRESIDENT VERNA: Councilman Cohen, this is almost like the Ogontz Library. I can recall very vividly your asking the same question for the last several years.

COUNCILMAN COHEN: I've been an Ogontz resident there for 33 years.

COUNCIL PRESIDENT VERNA: Ogontz Library has been built, so you have to be a little persistent I guess.

COUNCILMAN COHEN: I don't have 33 more years, I don't expect. Unless the good Lord gives me special compensation. Then, heaven help Philadelphia.

MS. SMITH: As you pointed out, the property at 16th and Grange is a small apartment

building, just a few units. And therefore, there hasn't been a lot of development interest in rehabbing that type of apartment building because it's such a small unit.

One of the things that we hope to begin to look at more closely, now that Mr. Hanna is in place, is how we might structure a rental rehab program that is better suited for small buildings to find -- to market to private developers to do that type of rehab work. It's one of those types of projects that just don't fit well within some of the existing programs. And our challenge is to figure out how the best way to lend assistance to that.

COUNCILMAN COHEN: Ms. Smith, I don't know whether there will ever be a campaign contributor interested in this building who develops a proposal which the Administration can consider.

I'm asking that it be considered, because it's vital. It's in the center of a large area that is still stable but is being threatened by the existence of an empty apartment house which has been empty for a dozen years. Along comes the

NTI program for a $300 million loan.

This project would take several hundred thousand at most. And we're told nothing can be done. It makes no sense.

Therefore, I'm asking, before you request a vote from the City Council, that you come up with a specific proposal on this house. It isn't like a new one. It isn't the first time it's been raised.

The Councilwoman Miller's been raising it, as well as myself. It's a major area which is stable now, surrounded by lots of residential homes.

We've talked about it being extremely desirable for senior citizens. It will be no problem whatever. We know there's a huge senior citizen need.

But it needs somebody who's going to sit down and work out a plan and work out the financing. You got $300 million worth of financing. Certainly there is some act that can help make a public-private partnership out of it.

MR. HANNA: Councilman, I'll commit to taking a look at it. This is the first I've

heard about 16th and Grange.

COUNCILMAN COHEN: Well, then your staff has been deficient. And I'm informing you, Mr. Hanna: This is the fourth year that we're raising it.

MR. HANNA: And I'm commiting -- I'll actually drive out there myself to take a look at it.

COUNCILMAN COHEN: Well, then I would suggest we delay the vote until such time as you're prepared to come forth with a program on it.

If you're talking about stabilizing neighborhoods, this is one spot where the stabilization of an already stabilized neighborhood is really threatened.

Are we going to wait until it cost ten times that amount, until there are many vacant homes of people that have moved out because nothing was done, because women are afraid to pass the building at night for fear somebody may want to drag them in?

So I'm asking for a response on that before there's a vote considered on NTI. I've

been waiting to hear something in the Eighth Councilmatic District. It's the only request I've made in the NTI.

MS. SMITH: Yes, we'll take a look at it.

COUNCILMAN COHEN: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: Thank you.

Sister Mary Scullion faxed testimony. I believe each member has a copy. And I would ask the sergeant-at-arms to make certain that the stenographer has a copy so it can be added to the record.

Miss Smith, in your testimony, you mentioned about, I believe, ten organizations, community based organizations competitively selected for the targeted basic system repair program.

Can you tell us who the ten community organizations are, please?

MS. SMITH: I may have to call on my colleagues to help me with the memory.

COUNCIL PRESIDENT VERNA: That would be fine.

MS. SMITH: APM, Association for Puerto Ricans en March... In fact, I think we have a list here. We can pass it out to the Council.

Frankford CDC. Korean Community Development Services Center. Mount Airy, USA. New Kensington CDC. Partnership CDC. Peoples Emergency Center. Project HOME. South of South SOSNA, as we know it -- South of South Neighborhood Association. And Yorktown CDC.

COUNCIL PRESIDENT VERNA: Thank you.

Why was $2.8 million added in administrative costs after the time the preliminary plan was published to when the final plan was transmitted to City Council?

MR. HANNA: Councilwoman, with the preliminary plan, it was that amount, I guess, deducted from administrative-type of expenses.

After going back and discussing with our staff further --

COUNCIL PRESIDENT VERNA: I'm sorry, Mr. Hanna. It's not just me, but we're all having problems hearing you.

MR. HANNA: After going back and

discussing with my staff further, it became apparent that in order to realize that $2.8 million savings, we would have to essentially lay off a good number of union employees.

With the contracts being as they are, it was determined that we probably wouldn't be able to get to that particular saving through the unions in this fiscal year.

COUNCIL PRESIDENT VERNA: I understand that the City Controller has requested $250,000 for independent checks and balances to properly inspect and audit the massive $250 million public works project. Can you tell us where is this request today? Is it part of this process?

MS. SMITH: I imagine that probably went directly to the Director of Finance or the Chief of Staff. I'm not aware of this specific request.

I know the City Controller had been talking with the Chief of Staff and perhaps the Finance Director.

COUNCIL PRESIDENT VERNA: Well, do you know if the request has been made part of your

budget?

MS. SMITH: No, it's not part of this budget.

COUNCIL PRESIDENT VERNA: And it's not part of a General Fund request.

If the request of $250,000 is not part of your budget, what plans do you have or what independent plans do you have in place?

MS. SMITH: In terms of project management for the initiative?

COUNCIL PRESIDENT VERNA: For the auditing, for checks and balances, whatever; the entire program.

MS. SMITH: I mean, with respect to the demolition program, for example, we review change orders on approval processes that go through government.

Payment is still subject to the City's traditional processes, which have a great deal of checks and balances built into them.

With respect to contracts that may go out, for example, with the community based organizations to run a target system repair program, OHCD will play a monitoring contract

compliance role in that capacity.

COUNCIL PRESIDENT VERNA: I don't know if Miss Wilkerson is here. But we're led to believe that in order for the City Controller to do his work, he needs additional funding, and the additional funding amounts to $250,000.

MS. SMITH: Mm-hmm.

COUNCIL PRESIDENT VERNA: So what is your response to that?

MS. SMITH: Other than -- With all honesty, this is my first hearing of this direct request for that amount of money. That's why it's not reflected in the budgets.

There may have been conversations going on with either the Finance Director and/or the Chief of Staff. We can get back to you with respect to that.

COUNCIL PRESIDENT VERNA: Would you, please?

COUNCILMAN COHEN: I did not understand that. Is it going to be put in or not? Or is it something you don't want the City Controller to know about?

MS. SMITH: No. It's hard to hide

things from the City Controller.

(Laughter.)

MS. SMITH: You know, that request was not formally submitted to be included in this budget through my office and my work when we put this budget together.

But I'm not ruling out that there may have been other conversations with either Director of Finance or perhaps the Chief of Staff. I'm just not privy to that.

COUNCIL PRESIDENT VERNA: When will you be in a position --

COUNCILMAN COHEN: Obviously, you've got a deficiency about public money.

MS. SMITH: We can let you know as soon as I get a chance to talk with the Chief of Staff or the Finance Director on this issue directly; so, tomorrow.

COUNCILMAN COHEN: That will be before we vote on this matter, Madam President?

COUNCIL PRESIDENT VERNA: Yes, sir.

COUNCILMAN COHEN: Okay.

COUNCIL PRESIDENT VERNA: Mr. Hanna, I guess I indicated to you that I feel very

strongly that we are not adequately funding the NAKS. What plans does your office have or what -- Does anybody have any plan to expand funds for these contracts?

I think it's very difficult to make people accept the same amount of money year after year, when that money is less -- worth less and less.

And I can tell you that in my District, particularly with NTI, the NAK has been doing an abundance of work. I don't know that we can expect people to continually keep adding on to their responsibilities without giving them some additional money to do it.

MR. HANNA: Councilwoman, as we talked in your chambers, I and my office will acknowledge that the great work that the NAKS are doing, the issue is quite obviously money. There are roughly 23, 25 NAKS in the City of Philadelphia.

Our budget has been cut this year, from a CDBG standpoint, by upwards of $5.7, almost $6 million. In order to help better supplement the NAKS, we'd have to find the money, I would

suggest from another source.

And what I will commit to you is that over the next several months or so we'll do everything we can. We'll talk to the -- to the philanthropic industry.

We'll talk to as many people and turn over as many stones as we can to try to come up with funds. But, again, unfortunately, we're caught in a very difficult budget crunch, and very difficult decisions are having to be made.

COUNCIL PRESIDENT VERNA: Well, with that being said, how do you defend 52 percent of the CDBG allocation being spent on Section 108 repayments and administrative costs?

MR. HANNA: Well, as far as the 108 repayments are concerned, those payments are a result of past decisions.

I mean, the loans were made, were issued, and it's our responsibility to make the payments. And those payments, fortunately or unfortunately, are taken off the top of our annual allocation.

From the standpoint of administrative costs, as I said, we're looking to

cut costs by 4.1 percent is in the plan. My hope, my expectation, that, again, over the next 12 months, the administrative costs will actually come down even farther than that.

COUNCIL PRESIDENT VERNA: So what are the administrative costs presently? Does $28,812,000 sound proper?

MR. HANNA: That's correct. Coming out of the CDBG budget, that's correct.

COUNCIL PRESIDENT VERNA: Okay.

MR. HANNA: That's administrative -- actually, general administrative and program delivery.

COUNCIL PRESIDENT VERNA: Has the state committed to the additional $800,000 in funding for the Emergency Repair Hot Line? I believe that's on Page 222.

MR. HANNA: The answer to that is no. I'm told that we applied for that money after the state approves its overall budget.

COUNCIL PRESIDENT VERNA: Why is the $150,000 in employment and training funds for Universal Homes being cut?

MR. HANNA: Those funds, Madam

President, along with several others in that category, were not necessarily cut. The funding source was transferred over to the Philadelphia Work Force Development.

COUNCIL PRESIDENT VERNA: Philadelphia?

MR. HANNA: Work Force Development Corporation or Commission, so those funds are going to be funded. I mean, those activities will be funded, just not from CDBG.

COUNCIL PRESIDENT VERNA: What is the criteria for the Special Services District, and how can communities apply for this funding?

MR. HANNA: I'm going to ask Mr. Mjenzi Traylor to come up and speak to that.

COUNCIL PRESIDENT VERNA: Thank you.

MR. TRAYLOR: Madam President, Madam Chairman, Council Members, my name is Mjenzi Traylor, First Deputy Director of the Commerce Department.

When we were first approached to support the Special Services Districts in 1995, the idea was to provide support only long enough for those Districts to build up their assessments.

And however, we continued, because in the case of both Frankford and Germantown, those assessments never got to the level that were needed to carry out the program we had continued to support.

In the past year, we determined that we could not keep doing this forever, and especially since there were other areas that wanted to establish Special Services Districts.

So what we've done is, we have set up the program in a way that the ones that we have been funding since roughly 1996 would be phased out through fiscal year '04.

And that would put us in a position to be able to make funding available for the newer programs as they come on line.

And we've decided to do that by providing $50,000 support in the first year, $30,000 in the second year, and $20,000 in the third year.

Now, on the question of what would --

COUNCIL PRESIDENT VERNA: What is the criteria?

MR. TRAYLOR: Yeah. What would be the criteria? The main criteria that we're going to be looking at going forward is a plan for support of the program.

In other words, either they have to have a sound program for collecting the assessments that are made on the property owners, or for those programs that raise their monies from fund raising then we will be looking at their fund raising plans to see whether or not they're going to be capable of carrying on their programs after the city support has run out. So that will be the main criteria that we'll be looking at.

COUNCIL PRESIDENT VERNA: I'm sorry. Did you say -- How much did you say would be allocated to the next group, that would be considered for a Special Service District?

MR. TRAYLOR: Year one support would be $50,000, year two $30,000, and year three $20,000.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Ortiz for a point of information.

COUNCILMAN ORTIZ: And you said that

those two that have not reached the assessment levels that are necessary, they will be phased out of City assistance.

MR. TRAYLOR: That is correct. They will each receive their final funding... In fact, there are three programs, those two as well as partnership CDC, that would receive their final funding in '04.

COUNCILMAN ORTIZ: So is there a projection that by the time the City ceases to assist them, they will reach the assessment level to take care of themselves?

MR. TRAYLOR: Yes. That's been anticipated for a number of years now.

COUNCILMAN ORTIZ: But it hasn't happened, though.

MR. TRAYLOR: Well, once again, the question becomes one of whether you continue to fund the programs that are not able to build their support base at the expense of any of the other groups that are coming on line.

COUNCILMAN ORTIZ: I understand that.

So the projection, then, would be

that those Service Districts will not only be phased out of the subsidy they get from the City, but since they have not been able to sustain themselves, that they themselves will disappear, Special Districts.

MR. TRAYLOR: Unless they are able to build up their source of support over that final year.

COUNCILMAN ORTIZ: Which is not likely.

MR. TRAYLOR: Well, I am not in a position to say whether it's likely or not. I'm hoping that they will be able to survive.

COUNCILMAN ORTIZ: I just want your projection.

COUNCILMAN GOODE: Point of information.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Goode for a point of information.

COUNCILMAN GOODE: As a matter of background, first, something Mr. Traylor left out. In the early '90s, the Center City District was funded by the William Penn Foundation to study

several neighborhoods around the City, in terms of what might actually be feasible, in terms of establishing Special Services Districts based upon assessments.

It was found that these two areas, the first two areas, Central Germantown and Frankford, seemed to be the most viable, although the model did not work.

So the Commerce Department stepped in to bail out what was a failed project actually of the Center City District and the William Penn Foundation.

Commerce Department has rightfully, I think, in support of those areas to keep them healthy, continued to subsidize them.

I can say that two of the three areas that are involved, Frankford and Partnership CDC are also beneficiaries of the CDC Tax Credit Program, which means that they will be receiving ten years of private support for the economic development program from the private sector.

And in some cases, I think particularly in the case of Partnership CDC, part of that money is actually dedicated to the Special

Service District.

I would say we look at some of the private sector funding sources that are out there, and their actual economic development plan, before we jump to conclusions about what commercial corridors and what CDC economic development programs may or may not be viable and feasible in the future.

MR. TRAYLOR: Thank you, Councilman.

COUNCIL PRESIDENT VERNA: Thank you.

Councilman Ortiz, does that answer your question?

COUNCILMAN ORTIZ: He answered it.

COUNCIL PRESIDENT VERNA: I beg your pardon?

COUNCILMAN ORTIZ: Yes, he answered my question, ma'am.

COUNCIL PRESIDENT VERNA: Thank you.

I have a number of other questions I would like to ask, however. I think that everybody should have the opportunity to ask questions.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam President.

Miss Smith and Mr. Hanna, this issue has come up before. And I know that this first half of the year, or of a calendar year, or this last half of the fiscal year has been particularly busy, for a variety of reasons.

And we know that we passed our City Operating Budget a little later than we have been in recent years, which is fine. I have no complaint about that. I think the hearings were good. They were extensive, and people had an opportunity to participate.

But now that we have the relatively new NTI program, and many of the tenants of the NTI program do in fact mirror to some extent the CDBG program, and we now know from the CDBG booklet the budget reflects its own line... Or not... Let me take that back. It's not a line. It's a column of NTI.

So there is, I think, an official virtual merging of NTI and CDBG, although they are obviously separate. The hearings are now being held at the same time.

The question arises again, given where we are -- and not so much for maybe for NTI, although the program is growing. The budget last year was $68 million. This year it's at least $106 million. It could possibly be more. CDBG is in excess of $100 million as well.

I think the question arises again about the timing of when we conduct these hearings. And I know even from time to time the Chair of the Finance Committee where CDBG is normally heard.

And now we have this joint with the Committee of the Whole, because that's where NTI was heard last year.

I know that our Finance Chair has even from time to time raised the issue of the timing of all this, the scheduling of hearings. Naturally, Chairwoman Blackwell can only schedule CDBG when we get the application over.

All of this leading to again a request for consideration by the Administration that both the NTI program budget and statement, as well as the CDBG application would come to us at an earlier time in this either first half of the

calendar year or last half of the fiscal year, closer to the time when we receive our operating and capital budgets, which we receive those as dictated more by provisions of the Home Rule Charter than anything else.

It's also obviously very extensive. You need a couple of months to go through it. We could spend, quite honestly, more than a day on either NTI or CDBG.

The public would have more opportunity to testify. You actually may not feel as much under the gun, if you will, from Council, if we had a little more time to go over this.

And it quite honestly might actually improve the environment around here, rather than people feeling like you're pressed to the wall to now get something done in the waning days of legislative body before it goes out of session.

So I'd like to re-explore with you the timetable question with regard to when we receive the NTI program budget and statement, and when we would get the CDBG, both preliminary plan, and then the proposed final plan at an earlier point in the calendar year.

Can you tell us what it would take to do that?

MS. SMITH: With respect to the NTI program budget, that timetable is set out in the ordinance authorizing the bond proceeds.

The Administration's required to submit a preliminary program statement and budget I think 90 days before the end of the fiscal year, and then the final program --

COUNCILMAN NUTTER: Well, probably -- I don't have the ordinance in front of me. I would be hopeful that it probably says no less than 90 days.

MS. SMITH: I mean, I'm just saying that. You asked what was the current --

COUNCILMAN NUTTER: Okay.

MS. SMITH: -- requirement. So, no less or at least by. It probably says by, you know, 90 days before the end of the fiscal year, and then final comes in 60 days before the fiscal year.

And with respect to the budget and the substantive part, it must be substantially the same.

COUNCILMAN NUTTER: Right.

MS. SMITH: We've used this as an opportunity to add attachments and exhibits to the -- from the preliminary to the final application.

And then I believe Miss McCollock can talk to the schedule, because there are a number of I believe citizen participation requirements, with respect to the block grant.

COUNCILMAN NUTTER: Right.

MS. McCOLLOCK: Deborah McCollock, Director of Housing.

There are a couple of issues related to the CDBG budget. One is the point at which we get the budget from Washington, from Congress. Although this -- The current plan is at its heart a funding application to HUD, we know the budget figures beforehand.

We're not just making up this $63.4 million out of thin air. They're telling us that's how much money you're going to get. So then we need to submit a plan that matches that number.

COUNCILMAN NUTTER: That mirrors

that, right.

MS. McCOLLOCK: This year we didn't get that number until February. And so that in part drove how we set up the various hearings that we're required to have.

Under the CDBG regulations, there are three hearings we're required to have. There's specific dates. But between specific amounts of time between each of those hearings, specific notice requirements, so...

COUNCILMAN NUTTER: Are those the CDBG regs, or are those the Philadelphia Code regulations?

MS. McCOLLOCK: Those are the CDBG regs.

COUNCILMAN NUTTER: Okay.

MS. McCOLLOCK: So backtracking from that, yes, this plan could have come to you a couple of weeks earlier, but it couldn't have come to you at the time -- What is the operating budget? March 1st? We wouldn't have had our --

COUNCILMAN NUTTER: We usually get the operating budget last Thursday or sometimes last Tuesday in January.

MS. McCOLLOCK: In January. Okay. Then, that's even earlier. So this year, that wouldn't have been possible to do that, given the final schedule.

COUNCILMAN NUTTER: I understand. Right. But in a normal Federal cycle.

MS. McCOLLOCK: The normal Federal cycle the federal budget is supposed to be passed by October 1st, so we would get the figures in the fall.

COUNCILMAN NUTTER: Right.

MS. McCOLLOCK: And we could accelerate this process --

COUNCILMAN NUTTER: Right.

MS. McCOLLOCK: -- if we have the numbers.

COUNCILMAN NUTTER: What I'd at least like to ask you to do, if you could forward to the Co-chairs of the joint Committees.

Under normal Federal circumstances, if there is such a term, if you could lay out for us a schedule that would have CDBG and NTI coming in virtually at the same time as the normal process for us in receiving the Mayor's operating

capital budget, which again always come in together, and I believe we receive them almost always either the third or last Thursday or in recent years I believe it's actually been Tuesday in January.

And what it would take, based on both the CDBG regulations, as well as the hearing notice and preliminary plan issues that we have created by ordinance for the plan, as well as what we've created by the approval of the initial NTI program.

Usually there's no penalty for getting things to us early. We usually say, we want it no later than a certain date or by a certain date, as Miss Smith said. But you might actually get a bonus for getting it to us early.

I'd be very interested in seeing all of those items coming in together, and then we would develop a full schedule.

The President's office would be in position to develop a full schedule, along with the Finance Chair, of the City Operating Budget, the capital budget, the NTI program, and the CDBG plan or application.

And then we'd see that all in the schedule and know when everything was coming in. Because many of the issues that we talk about, NTI and CDBG, also have implications for the City's Operating Budget.

And I think all of us would get a fuller and complete picture of the spending priorities, what we're trying to accomplish, how different funds can be used in different ways to accomplish different goals. And we wouldn't have this separation on those issues.

MR. HANNA: We can get that to you.

COUNCILMAN NUTTER: Okay. Thank you.

Miss Smith, we had an opportunity to talk about this not too long ago, but it's mentioned in the NTI book. I don't remember what page.

But the last year in the FY '03 budget we allocated $1 million for retaining wall repair and a study of curb, sidewalks, driveways and alleys for a possible creation of a program to respond to dangerous public infrastructure or in some instances the need for streetscape

rehabilitation.

Can you tell me what's going on with the study component of that? I know I'm pretty much up to date on the retaining wall component, and I see you're even planning on Page 35 to further the Retaining Wall Reconstruction Program to another 8 to 10 walls with $1 million.

Now, is that a new $1 million or is that coming off of the $1 million that we allocated last year for the work and the study?

MS. SMITH: That's an additional $1 million so that we can treat somewhere between 8 and 12 --

COUNCILMAN NUTTER: Right.

MS. SMITH: -- imminently dangerous retaining walls in a given year.

The Streets Department, as you know, has completed the survey, the prioritization of the conditions, and would be looking at cost estimates.

With respect to the study on driveways, curbs, and sidewalks, that, I must confess, we didn't really get to until this quarter, in part because a great deal of work has

been going into some of the other program activities.

We hope to have an analysis completed sometime midsummer, where we can have a sense of what the costs are, as well as some best practices or other approaches that other jurisdictions have taken in this area.

COUNCILMAN NUTTER: Who's actually going to be responsible for the study component? And when would you anticipate an actual... I believe the expectation at the time was there would actually be either a report or a set of recommendations --

MS. SMITH: Right.

COUNCILMAN NUTTER: -- to be made back to the body.

MS. SMITH: Yes. I basically asked the reinvestment fund if they can take that piece on for us. And they've agreed to do that, so they're doing it.

And we have some preliminary leg work which was started by an in-house staff person on looking at other practices. But because of the -- we were behind schedule, I asked them if

they would, you know, would be willing to do that for us.

COUNCILMAN NUTTER: Okay. And I'm sorry. I was distracted for a moment. What's your expectation, in terms of when an actual report would be completed and presented to the Council?

MS. SMITH: I would like to have a draft by mid-summer, so sometime around July.

COUNCILMAN NUTTER: And is it your expectation that this report will propose a program?

MS. SMITH: It will address the three things listed in the program statement: Best practices, innovative and/or new Federal, state or private funding sources, and possible alternative financing mechanisms.

I can look to ask them to do a recommendation, but part of it I think is also funding sources for it.

COUNCILMAN NUTTER: I understand. I just think it would be very helpful to the Council, in terms of moving this particular issue along, if the Administration would propose either

a set of options or an actual program, possibly of our own design or, you know, there's no pride in at least government work, you know, steal an idea from somebody else, give them due credit, and let's start using it here. I mean, you know, we do it all the time.

You and I have talked about the programs in Chicago where the citizens do pay a portion of the cost, and senior citizens pay a slightly lesser percentage of the cost.

But I think that after the survey work is done, I agree you have to try to identify the magnitude of the problem. We need some suggestions on implementation. You know, I think we know generally what the problem is. We may not know the complete magnitude. Your study will tell us that.

But at some point we'd like to tell citizens: If we were going to have a program, this is what it would look like, this is what you'd have to do, this is what the government is prepared to do.

Let me ask you about the items that we... that I mentioned earlier, and that the

Philadelphia Affordable Housing Coalition put on the record, with regard to three items that they raised and one additional item that I've raised.

As I indicated earlier, a number of members would like to support their suggestion for a reallocation of $10 million, in one particular instance, and then I have a further suggestion with regard to another item.

Tell me what the Administration's position is initially with regard to the proposed reallocation.

I'm not asking you at the moment to tell us exactly where it's coming from, but I'd at least like to talk about the $10 million reallocation, which is $2.5 million for neighborhood based rental production, $5 million for emergency repairs, preservation and weatherization, and $2.5 million for the adaptive modifications line item, all of which are CDBG programs which we are proposing to shift $10 million from NTI funds.

I understand that there may be some concerns about the different use of various dollars, based on any strings that may be attached

to them.

But I think the larger issue here is the increased funding. And if the Administration figures out where it comes from, as long as it doesn't hurt some other program, I think generally Members are interested more in the end result than the path that gets there. Can you talk to us about that?

MS. SMITH: The Administration is asking an opportunity to review these numbers, particularly with respect to the impact on the overall NTI budget.

Depending on the funding type of bond financing, we can result in a net decrease in the total amount. And so, we're asking that we have an opportunity to sit down and evaluate the numbers and get a sense of the overall impact, and then report back to Council on Thursday.

COUNCILMAN NUTTER: Well, I understand that. We'll have to have a little more extensive conversation about that.

I mean, the Administration made a decision at some point, based on priorities, to take some steps, which I believe was testified to

earlier. The ultimate result was a reduction in the total amount of the program.

Originally the program was $295 million. And then some decisions were made. I don't necessarily think anyone asked our opinion so much about it. I'll grant you it was probably for the right reason. But that decision was made in order to enhance the program.

Obviously, we're not seeking to reduce the amount of resources. We're looking to reallocate some of the resources into those three areas.

And then there is the issue that was also raised with regard to the Children's Health and Safety Fund and possibly utilizing NTI resources for that particular program. That's $5 million.

Now, again, I think that generally the Council is more interested in the end result in trying to support a particular program out of resources that are available and for which those items are eligible.

When you say that you want to review it, you know, my initial reaction is, you know,

fine. You should have an opportunity to review it.

On the other hand, this is not tremendously complicated. There's been a significant amount of testimony throughout the course of the day. Council Members, I think, are wanting to be supportive of these items.

And you know, quite frankly, given the relatively low dollar amounts that we're talking about versus the magnitude of the need and the case that was made, I'd really like to hope that we're not going to end up in some big debate or battle about this between now and Thursday. So I need you to be, I think, a little more definitive about what the position is.

Again, if you need the freedom and flexibility to move dollars from one place to the other to get it accomplished, that's one thing. And I fully support that.

If the position is: Well, it's a nice idea and we'd be glad to take a look at it; but, you know, when we get back on Thursday things aren't going to look much different than they already are, then that's a totally different

thing. So where are we?

MS. SMITH: Again... First, I just want to make absolutely clear that the Administration agrees that these are important things, in terms of our community. As always, we have limited resources and constraints on those resources.

And so, to take money from one place is going to have an impact. We can't simply take what's been programmed for demolition dollars because of the type of bond financing -- and it's a one for one swap -- into doing other activities.

And to answer that without us, you know -- Because we'd have to make it all balance out in the end. It's difficult for me to answer that, other than to say that we're going to take a serious look at it, look at the different resources, and make sure that we can try to achieve these objectives within the constraints of our resources and financing restrictions.

COUNCILMAN NUTTER: Well, let me ask this question: Based on the proposed amendments and the way they were structured, I mean, basically the money came from out years'

demolition dollars.

And in the final analysis, the relatively simply math on this is the proposed FY'04 budget for NTI is $106 million, and these changes end up increasing the overall budget to $121 million. I mean, it just basically puts $15 million on the bottom line, taking it from out years' demolition money.

Now, you might not want to use, you know, that particular line item. Refresh my recollection. Demolition money is the taxable bonds or non-taxable?

MS. SMITH: Tax-exempt government purchase bonds.

COUNCILMAN NUTTER: Okay.

COUNCILMAN ORTIZ: Point of information.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Ortiz for a point of information.

COUNCILMAN ORTIZ: I thought the monies that we're talking about were monies that were not used in the previous year.

And we're trying to -- the monies in

the amendment that Councilman Nutter to divert that, to be able to take care of these other needs that are presently and that will have an impact.

And when you tell me that... The Administration's been dealing with this now for three years.

And Councilman Nutter is asking for an explanation. And you said you don't know what the impact would be.

But you would have a general idea of what, because you know the subject matter. You've been dealing with it for three years. If it's going to divert money that has not been used to other uses so that they will be used, I'd like to find out what it is we're that talking about, because it determines the vote.

MS. SMITH: Again, demolition activities are funded from a particular type of bond called a tax-exempt government purpose bond.

My understanding, that a tax-exempt government purpose bond probably cannot be used -- those type of dollars cannot be used for these types of activities.

What we would need to do would

probably issue more taxable bonds, so while -- That, in turn, will have an impact on the total amount that we can raise.

So the $275 million, as you said, is most likely to go down. It may decrease by $10 million; it may decrease by $15 million. It could decrease by $20 million.

And that's what we wanted to take the next day to take a look at. Because then -- Then the question becomes where else or if in the same line item, how do we make adjustments there, so that we can balance out based on the type of financing and the type of activities we want to fund.

COUNCILMAN NUTTER: Miss Smith, thank you for the explanation.

What caused the program to go from $295 million to $275 million?

MS. SMITH: There were a couple things that resulted in that change. One was by increasing the amount of acquisition dollars up to -- by $24 million.

And we made the assumption that we also were going to have to issue more taxable

bonds so that we can get the greatest amount of flexibility with the acquisition.

And those two factors together resulted in a net decrease in what we can raise over the five years. So similarly --

COUNCILMAN NUTTER: Because when you issued the taxable bonds the debt service payment went up, which then ultimately affects the total amount you can borrow over the years.

MS. SMITH: Yes, that's correct.

COUNCILMAN NUTTER: Okay. And the Administration made that decision, I guess primarily driven by what happened last year, in terms of the overwhelming requests by Council Members for acquisition.

MS. SMITH: That's correct.

COUNCILMAN NUTTER: Okay.

MS. SMITH: Not only -- I mean also, as you heard testimony by community development corporations, there were a number of organizations, you know, that were concerned about that.

COUNCILMAN NUTTER: I understand. Again, let's not forget, though, when the program

was originally touted, literally as far as back as 1999, it was a $250 million program.

It increased over time, having nothing to do with, I mean, other than, you know, you could spend $250 million, you could spend $300 million, you could spend $500 million. It was a function of how much we had available on the debt service category. And we were willing to borrow as much as our debt service would let us go.

MS. SMITH: That's correct.

COUNCILMAN NUTTER: So for not putting any additional money in the pot, but surely as a function of the continued lowering of interest rates at the time, the program jumped immediately from $250 million to $295 million, with no additional dollars going in, it's my recollection, into the debt service line item, but surely is a function of: You could borrow more with the same amount of money, because interest rates had continued to go down over the course of that summer from June into September of the following fall when we ultimately went to market.

The whole point of that is the program started out at $250 million. And that's

what was sold over many, many years. It was $250 million, $250 million, $250 million. Four months later one year it went to $295 million.

Now, because of decisions that we're making over time, based on real live activity out in the field, not theory, we've gone from $295 million to $275 million, based on increasing the taxable bond offerings, because now we realize people want to have more acquisition, and using taxable bonds to do that, increasing the amount of debt service, lowering the overall amount of money that you can use for borrowing.

Now there's another decision that you're faced with, which is, should we -- and I think you were already planning, isn't it true, that you were already planning additional taxable bond financing? Forget about this request at the moment.

MS. SMITH: To support the acquisition, that's correct.

COUNCILMAN NUTTER: Right.

So as you do more acquisition and float more taxable bonds, you're automatically going to decrease the amount of funds that are

available overall in this program, similar to what's already happened going from $295 million to $275 million, right?

MS. SMITH: Well, this $275 million number was generated based on the assumption of issuing, you know, some tax -- more additional taxable debt.

I think one of the things that's important --

COUNCILMAN NUTTER: All I'm arguing is that things will happen over time that cause us to make different funding decisions and different priority decisions.

As I said earlier, I don't think that people who advocated for this or the Members who want to support it -- I mean, obviously we're not interested in lowering the overall amount of dollars that we have.

And if you can figure out a better way -- I mean, you know, green money is green money. You can take it from the demolition line item. You can take from it some other line item. As long as they go up two and a half, five; two and a half and five, I don't think anyone really

cares.

MS. SMITH: And one of the things -- I mean, I just wanted to state for the record, because I think it's important with respect to this financing. It's one of the exciting parts of it, and at the same time is one of the challenging parts of it.

It's why each year we'll be coming with Council with our best projections of how much we can raise, given our market conditions, type of financing, and so forth.

COUNCILMAN NUTTER: Well, not only how much you can raise, but how much you anticipate spending.

MS. SMITH: Yes.

COUNCILMAN NUTTER: Because you anticipated spending $68 million last year, and you're going to end up spending $44 million.

MS. SMITH: But then we also tried to look at the life of the program, which was always envisioned as a five-year life.

COUNCILMAN NUTTER: Right. Tell me on the five-year budget here from Page 7, if it's most geo debt in the demolition line item, then

tell me where the taxable money is.

MS. SMITH: We were looking -- Taxable dollars have been used thus far to fund programs like PHIL loan, the write-down of the interest rate.

It's been used to support some of the land assembly activity. Probably will be using that source of funding to fund the loan loss reserve for the -- Oh, my goodness -- the anti-predatory lending products.

COUNCILMAN NUTTER: Where would I find those on this five-year estimated NTI program budget on Page 7?

MS. SMITH: We didn't -- On this budget we didn't break out and say, you know, this is going to be taxable, this is going to be GP. It's really looking at each program --

COUNCILMAN NUTTER: I understand.

MS. SMITH: -- or activity.

COUNCILMAN NUTTER: Is there another chart or budget sheet in this book that would give more of those details?

MS. SMITH: Not that book. Because there's so many variables and assumptions that go

into those calculations.

COUNCILMAN NUTTER: I understand. Okay. So tell me what we should anticipate on Thursday.

MS. SMITH: Our getting back to indicate how and to what extent we can support these changes in this.

We're going to look at not only, I think, bond proceeds but, you know, can there be some swaps on other areas, with respect to the Community Development Block Grant, where we can more likely use tax exempt financing so that we can keep the overall pot about the same.

And we just are asking Council --

COUNCILMAN NUTTER: I understand that.

MS. SMITH: -- an opportunity to look at those, then.

COUNCILMAN NUTTER: Then I guess my question has to be: Not only will you take a look at it, but I mean, is it the intention of the Administration to support these changes? And the only question here is how you recalculate or reassign the dollars.

MS. SMITH: With respect --

COUNCILMAN NUTTER: I really need to know that.

MS. SMITH: With respect to the Child Care Health and Safety Fund, I think there is -- the Administration is concerned about that money coming out of the NTI bond proceeds.

I understand there's some other financings that have been put in place. But we want to take a serious look at how we can accommodate the $10 million request.

COUNCILMAN NUTTER: There's been another proposed financing in place. There is no financing in place at the moment.

MS. SMITH: I'm sorry. I misspoke. I misspoke.

COUNCILMAN NUTTER: How does that financing get done? Not whether he likes the program or not. I think many people do like the program. It's strictly a matter of what the source of funds is there.

We have other revolving loan programs with the City. What is the source of those funds? I know in the sheet that you gave us

the other day, you know, PCVC has a program... Where do those dollars come from?

And why wouldn't we do something like the Health and Safety Fund similar to that under either Community Development or Neighborhood Development? I mean, that is what it's about, right?

MR. HANNA: For the most part, those funds come from CDBG.

COUNCILMAN NUTTER: Okay. And so as Miss Smith says, isn't it possible to take some of the NTI funds, shift them over to some other CDBG purpose, freeing up those dollars to have this kind of revolving loan fund, which is... I mean, I don't think there's anything too tremendously different between this revolving loan fund than probably a series of revolving loan funds that we have.

I mean, there's nothing too spectacular about a revolving loan fund. I give you a loan; you pay it back; you use the proceeds to make more loans. And...

MR. HANNA: I'm not familiar with the new fund of which you're speaking, but that's

one of the reasons that the Administration would like a couple of days to kind of noodle over the whole thing, to ascertain whether or not those kinds of swaps, as she put it, are in fact possible.

COUNCILMAN NUTTER: Okay. But I need somebody to give me, though, a sense of interest and commitment to getting something done.

Again, the ultimate beneficiaries usually are less interested in our internal machinations, conversations, and jujitsu financially than they are in what is ultimately in that line item and what's in the budget that we pass.

I need someone to say, we want to do this. We're just trying to figure it out. You know, you get into: Is it an if or is it a when?

MR. HANNA: While I can't speak to the Children's Fund -- Again, this is literally 15 minutes ago is when I first heard of it. I can't speak to the affordable housing question.

Yes, the Administration will look to do over the next 48 hours everything it can to

come up with the funds, whether through the method as espoused here, possibly espoused here, to any other available funds that might be swapped or otherwise made available.

So, yes, there is that commitment on the Administration's part.

COUNCILMAN NUTTER: There is what?

MR. HANNA: There is that commitment on the Administration's part to try to come up with that $10 million that would be allocated to affordable housing.

(Applause.)

COUNCILMAN NUTTER: All right. Save the clapping for Thursday.

My last issue, I guess at the moment, is the... There was mention made in Miss Smith, I think, in... I don't know whether it was your testimony or somebody else's testimony, about the CLIP program. It may have been somebody else's testimony.

Has there been any further discussion about utilization of NTI funds? Doesn't NTI program have money in the CLIP program? Isn't that where this all started?

MS. SMITH: Not bond proceeds, no.

COUNCILMAN NUTTER: What other proceeds do you have?

MS. SMITH: General fund or funds that were allocated for a variety of activities. And then CLIP was also supported by, I think, the realignment of some employees within the...

COUNCILMAN NUTTER: I seem to remember in last year's budget there was a line item --

MS. SMITH: That was for stabilization of properties, just like all vacant properties stabilization. We were just showing, because they wanted to try a coordinated approach for that. That was not for anything other but stabilization. And then we talked about other associated activities.

COUNCILMAN NUTTER: From last year's budget and the two lines that have CLIP on them for stabilization, how many properties are stabilized?

MS. SMITH: I believe -- As you know or as I testified to, we're behind schedule. I think we may have completed about maybe 13 or near

completion.

COUNCILMAN NUTTER: Has there been any discussion about using any of the NTI funds for enhancement of the CLIP program and taking it City-wide?

MS. SMITH: You mean in terms of the Code enforcement related type activities?

COUNCILMAN NUTTER: Mm-hmm.

MS. SMITH: No. No, not directly out of bond proceeds.

COUNCILMAN NUTTER: Okay. What about the stabilization?

MS. SMITH: That -- Well, stabilization, there is money there for stabilization. And we've just given those to proceed on 82 properties. We've reviewed and inspected over 200 that were given to us by Council.

COUNCILMAN NUTTER: Okay. All right.

So you're going to... I mean, if I can encourage you, although I know, you know, we're all operating under a tight timetable. To the extent that you can get anything to us on the

four items that I mentioned, possibly prior to Thursday. Thursday might be a little busy.

MS. SMITH: I understand.

COUNCILMAN NUTTER: In the morning. That would be helpful. Thank you.

Thank you, Madam Chair.

COUNCIL PRESIDENT VERNA: You're welcome.

Councilman mentioned about stabilization. Who's doing the encapsulation work? Is it PHA?

MS. SMITH: Actually, we're looking -- The Redevelopment Authority is doing some of the work, PHA is doing some of the work.

And we're looking, since we're behind schedule, at a process where we can do... using, you know, a contracting vehicle and contract out some of the work so we can catch up.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: On Page 222 of the Consolidated Plan, in Year 28 you had $7 million designated for the PHILA loan program. How many loans were disbursed last year and what

is the total cumulative amount?

And how many PHILA loans do you plan to give out this year? I notice that you cut it back to $5 million. Is that because you didn't disburse all of the $7 million last year?

MS. SMITH: On PHIL loans? I'm sorry. I was looking at...

COUNCILWOMAN TASCO: On Page 222.

MS. SMITH: We allocated all of the NTI dollars in one year to subsidize the interest rates in PHIL loan. And Block Grant, I think, was allocated all probably in one year. Deborah would be able to answer that.

But we're going -- That -- That money brings -- results in about $13 or $15 million in loans that aren't reflected on the streets of -- So it was a one-time allocation to write down interest rates.

It doesn't mean we are funding... You know, the banks put their money up and basically that money -- Those loans have been purchased by the Redevelopment Authority, and we use our dollars to write down the interest rates.

COUNCILWOMAN TASCO: Where does the

$4 million other, where is that from? What is that?

MR. HANNA: That comes from RDA's issuance of bonds. Those are bond proceeds as issued by the Redevelopment Authority.

COUNCILWOMAN TASCO: And you use those bond proceeds for?

MR. HANNA: Same purpose.

COUNCILWOMAN TASCO: PHILA Loan program?

MS. SMITH: That's what -- They purchased the loans back from the banks. That's the money they used.

COUNCILWOMAN TASCO: So how many loans did you give last year?

MS. SMITH: I know so far we've purchased about $1.2 million. The new program became fully operational with the fiscal year. And we've purchased about $1.2 million. There may be more directly made by the banks. And I think I saw a number about 75 thus far.

COUNCILWOMAN TASCO: What does that mean, you purchased them back from the bank?

MS. SMITH: Maybe I should let Herb

Wetzel actually explain the financing on how PHILA loan works with FHA mortgage insurance, so forth, and so on.

COUNCILWOMAN TASCO: Thank you.

MR. WETZEL: My name is Herbert Wetzel, Executive Director of the Redevelopment Authority.

The PHILA loan program operates by the Redevelopment Authority getting tax exempt volume cap from the State of Pennsylvania to issue bonds.

And we issue those bonds, sell them to the bond holders. And obviously we then have that capital sitting in the Redevelopment Authority with a trustee.

Our arrangement with the lending banks is, they originate these loans, and then we purchase the loan from them, but they continue to service the loan as well, collect the interest and principal on those loans.

If the loan goes bad, the bank has to buy it back from us, but it's an FHA insured Title One loan. So the bank, as it has 90 percent insurance on the loans that they make.

So what we do is essentially issue the bonds, take the bond proceeds, purchase the loans that the banks originate. And on occasion when the loan goes back, we sell that loan back to the bank, you know, to get the money to protect the bond holders.

What we use the CDBG and the NTI funds for is to reduce the interest rate. So, for example, if we sold the bonds at five percent interest to the bond holders but were lending at three percent, we need the funds to lower that interest rate from the five we've got to pay the bond holders and only are collecting three percent from the borrowers.

So the CDBG and the NTI funds essentially write down the interest rate from what we're paying the bond holders to what we lend the money out at.

COUNCILWOMAN TASCO: Okay. So now, how much is available for the PHIL loan program that you have this $4 million that's here?

MR. WETZEL: No. The $4 million.

COUNCILWOMAN TASCO: Is a guaranteed pot?

MR. WETZEL: No. Actually, the PHIL loan, when we issued the bonds for this particular phase of PHIL loan, we also refinanced some other bonds that we had in which loans had been paid off. So we have about $14 million starting last September to lend. But that money goes out as the loans are originated.

COUNCILWOMAN TASCO: All right. Thank you.

Miss McCollock and Mr. Hanna, the other day when we met with you we talked about Logan. And I failed to ask this question because I just thought about it today, as I thought about Logan and some questions that have been raised to me from some members of the community, in terms of Logan's continued existence.

In the budget there's $300,000 for Logan. Now, do those dollars cover the settlement of the ineligibles, as well as administrative costs for operating the Logan Assistance Corporation?

Where is the funding for the administrative costs?

MS. McCOLLOCK: The ineligibles are

not being funded with CDBG money as part of the urban renewal taking that the RDA is initiating to acquire all of the properties in Logan.

The folks who were previously ineligible for benefits will receive the benefits available to them under the urban renewal taking.

This money, this $300,000, is intended to complete the settlements of the eligibles and provide continued funding for Logan Assistance Corporation.

COUNCILWOMAN TASCO: I'm sorry. I did forget that. You know, this whole stuff is knew to me. So I do remember that discussion. Thank you.

I'm tired. I can't ask any more questions. I'm just worn out. I have a whole full page of them. I just can't ask any more.

COUNCIL PRESIDENT VERNA: Are there any other questions from Members of the Committee?

(No response.)

COUNCIL PRESIDENT VERNA: Seeing none, the Committee of the Whole will stand in recess, and the Finance Committee, until Thursday, June 5th at 9 o'clock. Thank you.

And I just want to thank the stenographer. His hands must be numb at this point in time. Thank you very much.

(Hearing concluded at 7:00 p.m.)

CERTIFICATE

I HEREBY CERTIFY that the proceedings and evidence are contained fully and accurately in the stenographic notes taken by me upon the public hearing of The Philadelphia City Council, taken on June 2, 2003, and that this is a true and correct transcript of same.

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DAVID A. DEIK, RPR and
Commissioner of Deeds

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