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

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Room 696, City Hall
Philadelphia, Pennsylvania
Tuesday, 5/28/02
11:27 a.m.

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BILL 020275 - Authorizing the Mayor, on behalf of the City, to file an application with the United States Department Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) as required by Section 104 of the Title I of the Housing and Community Development Act of 1974 (P.L. 93-383), as amended, including all understanding and assurances contained therein...

RES. 020285 - Approving the annual program statement and budget for the expenditure of the NTI bond proceeds for Fiscal Year 2003.

PRESENT:
COUNCILWOMAN JANNIE BLACKWELL, Chair
COUNCILWOMAN MARIAN B. TASCO, Vice Chair
COUNCILMAN DAVID COHEN
COUNCILMAN FRANK DICICCO
COUNCILMAN W. WILSON GOODE, JR.
COUNCILMAN JAMES F. KENNEY
COUNCILMAN MICHAEL A. NUTTER
COUNCIL PRESIDENT ANNA C. VERNA

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COUNCILWOMAN BLACKWELL: Good morning. We would like to thank you for your patience. Welcome, everybody, to this public hearing of the Finance Committee on CDBG and NTI. Having said that, the committee hearing for the Committee on Finance is now in session.

We will ask the clerk to read the titles of both bills; that is, Bill No. 020275 and Res. No. 020285.

THE CLERK: Bill No. 020275, an ordinance authorizing the Mayor, on behalf of the City, to file an application with the United States Department of Housing and Urban Development for a Community Development Block Grant as required by Section 104 of Title I of the Housing and Community Development Act of 1974, as amended, including all understandings and assurances contained therein; and designating the Mayor and the Director of the Office of Housing and Community Development as the authorized representatives of the City to act in connection with the application, and to provide such additional information as may be required, all under certain terms and conditions.

And Resolution No. 020285, a resolution approving the annual program statement and budget for the expenditure of the Neighborhood Transformation Initiative Bond Proceeds for Fiscal Year 2003.

COUNCILWOMAN BLACKWELL: Thank you very much.

We have a quorum present this morning. To my left is Vice Chair Marian Tasco; to my right is the President, Ann Verna; Councilman Jim Kenney; and Councilman Frank DiCicco.

Before we begin, we would like to note that we have received two communications that we would like to read into the record. One will be from United States Senate and Rick Santorum.

Will the Clerk please read that letter?

THE CLERK: Dear Mrs. Blackwell: Thank you very much for your invitation to attend the hearing for public comment on Year 28 Proposed Consolidated Plan on May 28, 2002. Unfortunately, I am unable to attend due to a previously scheduled event. Once again, thank you for thinking of me and best wishes in your endeavors. Sincerely, Rick Santorum, United States Senate.

COUNCILWOMAN BLACKWELL: Thank you.

Also, we have a letter and it's been requested that we read it. It's addressed to Pat Smith, Esquire, Director of NTI from our colleague Councilman Frank Rizzo. We will ask that that be read into the record per his request.

THE CLERK: "To Councilwoman Blackwell, from Councilman Rizzo. Enter attached letter into the record in May 28th Finance Committee hearing.

"I request that you read the attached letter into the record at the Finance Committee hearing which is scheduled for Tuesday, May 28, 2002 at 11 o'clock a.m. Unfortunately, I am unable to attend the Finance Committee hearing on Tuesday and, therefore, will not have the opportunity to question the Administration about the issues that my letter raises. The letter addresses specific concerns that I have regarding the use of eminent domain by the City of Philadelphia in its implementation of the NTI Program in the future. I request that you read the letter and enter it into the record when Patricia L. Smith, Esquire, Director of Neighborhood Transformation Initiative and/or her representatives testify at the hearing.

"Thank you for your consideration."

"Dear Ms. Smith: Thank you for the updated information that you have provided to City Council regarding the Neighborhood Transformation Initiative. I found it very useful and informative and I am happy to learn that there is sufficient groundwork to begin implementation of this bold and promising initiative.

"In addition to the concerns that I've raised in the past about the shift from a demand-driven approach to a supply-driven approach, I have a special concern about the NTI Program: The use of eminent domain essentially to transfer private property from one private party (a resident) to another private party (a developer) and then to another resident. A government should use and has traditionally used its eminent domain authority to acquire property for some public use, example highways, which this is not.

"Problems will certainly arise over the acquisition of the properties from residents relying on their property rights to resist the loss of their home.

"I believe that this is an issue that will certainly arise as we move forward with the implementation of NTI. I also believe that this will be an issue that could potentially subject the City of Philadelphia to significant liability and added expense in the future as well as negative publicity. Please let me know how this matter will be addressed.

"I look forward to your response on this issue.

"Sincerely, Frank Rizzo."

COUNCILWOMAN BLACKWELL: Thank you very much. Certainly, we will ask Miss Smith to respond to that issue. I would only say from experience that we've used this as a process over the years, and if we didn't have it, we couldn't acquire a lot of properties that are even abandoned and where we can't locate owners. So we certainly appreciate his concern but certainly realize this is a very useful tool to us in trying to acquire properties to get them back into the hands of people who live and work in our city.

Let me just say by matter of introduction that we are very happy to chair this committee. We believe that CDBG, the Community Development Block Grant hearings and NTI are our major ways to get housing production and that NTI is the most exciting program I've seen. And, obviously, it's the first of its kind across the country in order to have new and exciting ways to do housing and affords us the opportunities to create our own programs in this city. That is a big boon for District Councilpeople and Councilpeople-at-large. And we're absolutely overjoyed and excited about all that NTI means. In fact, Safe Streets Initiative is also a part of NTI, as the Mayor has said in my presence that he doesn't want to be mayor of a city where we don't deal with crime because you can't do neighborhood and commercial corridor revitalization if you don't have a safe city. So the two go hand in hand, and both of these programs are programs that don't exist anywhere in the country and we're just over-joyed and excited about all that that means.

Having said that, we will ask the Administration to come to the table to be ready to testify. And I will ask my colleagues if anyone has an opening statement they would like to make before we begin?

(No response.)

(Witnesses come forward.)

COUNCILWOMAN BLACKWELL: Thank you very much.

The Chair also notes that we have present Councilman Michael A. Nutter and Councilman David Cohen.

Let me say that we tried to meet with each and every councilperson. In fact, we almost became a nuisance -- and Councilman W. Wilson Goode, Jr. We met with most individuals. Some did not need it and we were unable to meet, unfortunately, with my colleague Councilman

Nutter and Councilman Kenney and Councilman Ortiz and Cohen. However, we even had a day for the Council-at-Large and we will try to make ourselves available today and as always are available for any special information that is needed. So we hope that they will keep that in mind. Some of this might be repetitious for those of us who have had meetings, but we hope that they will consider that we tried our very, very best to reach out for the last several weeks to each and every member of City Council because this is such a specific driven kind of process when you deal with specific properties and we wanted everybody to feel included. Thank you very much.

We will now turn the testimony to those at the witness table and ask you to identify yourself for the record and begin your testimony.

MS. McCOLLOCH: Good morning, Councilwoman Blackwell and other members of the Finance Committee. I'm Deborah McColloch, Director of Housing, and I am here today to testify on behalf of the Administration on Bill

No. 020275 which permits the City to apply for the Federal Community Development Block Grant, Home Investment Partnership Funds, Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS, known as HOPWA, funds and other State funds from the Department of Community and Economic Development. I submitted written testimony to the Members of Council. I believe you have received it. If not, I have additional copies. And I was not going to read my entire testimony; I just wanted to highlight a couple of things for you that we have discussed over the past few weeks.

The Consolidated Plan, the Year 28 Consolidated Plan is essentially a carry-forward budget. It carries forward the programs and activities that were started in previous years. It continues to fund those development projects that are in the pipeline and are moving forward toward development of affordable housing. The main thing to note about this year's budget is that our Community Development Block Grant resources have been reduced. We have $2.3 million less from the federal government as part of our Community Development Block Grant allocation and we also have a reduction in program income.

Program income is generated from various sources, but one of the main ones is interest earned on Section 108 loans. Section 108 loans are those loans that we borrow from the federal government against future Community Development Block Grant funds and then we have to pay them back. It's like using your credit card. We have to repay them each year. Last year we drew down those funds and didn't spend them all and so they were essentially sitting in a bank account earning interest which we then applied to the Community Development Block Grant Program. Over the course of the past year, we spent those funds for the activities for which we had borrowed the money, therefore, we had less money to generate interest. So program income was reduced this year because we generated less interest on our Section 108 loans. And those numbers are reflected in detail in the budget.

The main programs that we've had to reduce in funds moving forward are proposed to be the Community Economic Development Program which the reduction of that is offset by the fact that the loan pools are fully funded for their commitments and also by the available economic stimulus funding. We also reduced funding to the Department of Licenses and Inspections, in part to ensure that the City meets the federal requirements governing the expenditure of funds for basic city services. The housing counseling program has been reduced but we are confident that the core housing counseling services, those being, defaulted delinquency counseling, mortgage counseling, tenant counseling, and anti-predatory lending counseling are still being provided. In fact, Philadelphia has the largest housing counseling program of any major city in America.

(Applause.)

MS. McCOLLOCH: We also reduced funding for the Settlement Grant Program primarily due to the decrease in the demands for the program.

Since last year, federal regulations were passed that are known as the Title 10 regulations which govern lead paint testing and treatment and they have made -- and they must be apply to do all programs that use federal funds and they have made it more difficult to implement the Settlement Grant Program and less desirable for the participants in it so that the number of settlement grants, the demand for the settlement grants has been reduced and the number that we've offered has been reduced. Last year at this time we had awarded 650 settlement grants to 154. So although the funding for that program has been decreased, I believe we will still meet the demand for it throughout the year.

We also have reduced some funding for employment and training activities, and that is because these activities are more appropriately funded with State dollars through the Philadelphia Workforce Development Corporation. In keeping with our NTI objectives for a more targeted approach to spending rehab dollars, the Basics Systems Repair Program, Tier III, has been dropped. Tier III is the level of funding in Basic System Repairs that provides a grant of up to $25,000 for repairs to an owner-occupied property.

The greatest demand under BSRP is in Tier II, there's been a modest increase in Tier II up to 7.3 million. This funding level will allow us to rehabilitate more than 2,000 units under Tier II.

The line item for urban renewal liabilities which paid for the Redevelopment Authority's cost for insurance and maintenance of land acquired through urban renewal has been eliminated. The RDA will become part of the City's self-insurance policy.

And finally, the MEND II Program which offered grants up to $10,000 for the rehabilitation of small rental properties has also been eliminated. This program was undersubscribed, and certainly the City needs viable rental rehab program, perhaps modeled on the successful Homeownership Rehab Program. During Year 28, we will work to development a new rental rehab program.

Some other programs experienced small decreases as well, but the ones I just outlined are the areas that had the major decreases.

That sums up the part of my testimony

about the reduction in the program. And I'm certainly available to answer whatever questions you may have.

COUNCILWOMAN BLACKWELL: Thank you very much.

MS. SMITH: If we may, we wanted to take all of the Administration's testimony at one time and then open up for questions.

COUNCILWOMAN BLACKWELL: That will be fine.

MR. TRAYLOR: Good morning, Councilwoman Blackwell and Members of City Council.

COUNCILWOMAN BLACKWELL: Good morning.

MR. TRAYLOR: My name is Mjenzi Traylor and I'm the First Deputy City Representative and Director of Commerce. I am here today to present testimony in support of Bill 020275, the Fiscal Year 2003 Community Development Block Grant Consolidated Plan.

With me this morning are Curtis Jones, President of Philadelphia Commercial Development Corporation and Robert Fina, Senior

Vice President of Philadelphia Industrial Development Corporation and members of our respective staffs.

Before I begin, I want to thank this Committee and City Council for agreeing to expedite this public hearing in consideration of this bill. My comments this morning will summarize the economic development section of the Consolidated Plan.

Philadelphia's neighborhoods play a pivotal role in the City's economy. Most of the City's economic activity takes place in its neighborhoods. To ensure and improve quality of life for the majority of our citizens, we have targeted neighborhoods economic development as our number one priority.

Please note that the allocation for economic development has been reduced this year by $1,734,000. However, we have reviewed the requirements of Bill No. 000716 and have determined that we are still in compliance, that is, within the 5 percent that is required for economic development.

The City's approach to neighborhood

economic development encompasses three goals: Assisting small neighborhood businesses, investing in neighborhoods physical infrastructure, including housing; to improve the business environment near residential areas an fostering the growth of communicate economic development skills and capacity, particularly within community development corporations. These goals are reflected in a Broad array of neighborhood development programs, initiatives, and accomplishments of the past year.

To help meet these goals, we will be expanding our targeted CDC support efforts to community development corporations and special service districts.

Our basic lending and grant programs are divided among the Philadelphia Commercial Development Corporation, the Philadelphia Industrial Development Corporation, and the Commerce Department.

Small business lending and facade improvement programs are implemented from PCDC. In the coming year PCDC small business revolving loan program will be funded at $2.5 million. The facade programs will be funded at 370,000, and the Targeted Neighborhood Commercial Area Acquisition Program will be funded at 100,000. The Housing Contractors Program will provide approximately $1 million in lending.

PCDC will also provide support for the Small Business Support Center and the Micro Loan Program. These efforts are funded principally, though, through non-CDBG resources.

PCDC will continue to operate Targeted Neighborhood Commercial Area Program. This program provides an array of support services to 38 commercial areas. A listing of these areas is attached to this testimony.

In addition, PCDC will provide direct assistance to for-profit businesses and nonprofit organizations which act as key service providers and employers in these commercial areas. The principal goal of the Targeted Neighborhood Commercial Area Program is to enable these businesses to remain and to expand while providing needed goods, services, and employment opportunities for Philadelphia's low and moderate-income residents. PCDC will provide acquisition grants to community-based development organizations located in the targeted areas. The nonprofit organizations will acquire and improve the properties. After the improvement is completed, the nonprofits will either lease or sell the properties to businesses which will provide retail goods or services to low- and mod-income residents of that neighborhood. To qualify for a grant, the nonprofit must present a development proposal to PCDC that will include a commitment letter from the prospective business and a financial proforma. It is anticipated that at least 10 properties will be acquired, renovated, and occupied.

Our major commercial and industrial lending programs are administered by PIDC. These include the CDBG Mortgage Loan Program, the Neighborhood Development Fund and the Section 108 Loan Program. $5.5 million will be used to support the Mortgage Loan and Neighborhood Development Programs. PCDC will draw down Section 108 funds to assist in larger-scale development projects and to support our neighborhood lending programs.

The primary goals of these Section 108 loans will be to create permanent jobs for residents of Philadelphia, to stimulate private investment, and to generate tax ratables for the City. While the creation of jobs for low- and moderate-income Philadelphians will be the key criteria of these loans, the expansion of retail goods and services to our neighborhoods and the elimination of blight will be alternative criteria. The projects approved for the Section 108 loans will be appropriate to the City's overall economic development strategy.

The Department of Commerce will offer various levels of grant support. One effort will be to support predevelopment and development project grants. Another will be to support planning and marketing grants. A third will be to support Special Services District programs in West Philadelphia, Germantown, and Frankford.

We will continue our targeted neighborhoods support services grants. We will provide support to organizations in the American Street and West Parkside Enterprise Zones, Germantown, West Philadelphia, South

Philadelphia, Frankford, Central North Philadelphia, and Eastern North Philadelphia.

In addition, we look forward to being a key implementing arm of the Mayor's Neighborhood Transformation Initiative. This dramatic new program will aid us in leveraging public and private dollars in carrying out economic development projects in the targeted areas.

I would like to take this opportunity to thank Council for their ongoing commitment to the Department of Commerce's economic development activities, and we look forward to working closely with the Members of Council to continue to strengthen the economic base of the City.

My colleagues and I will be pleased to respond to any questions Council may have. Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

MS. SMITH: Good morning, Councilwoman Blackwell, Members of the Finance Committee and City Council. I am Patricia L. Smith, Director of Neighborhood Transformation. I am here today to testify on behalf of the

Administration on behalf on Resolution 020285, which approves the annual program and statement and budget for the expenditure of NTI bond proceeds for Fiscal Year 2003.

In the interest of time, I will read only the highlighted sections of my written testimony.

While NTI has achieved a great deal over the past year, in many ways, Fiscal Year 2003 marks the Initiative's true beginning. The Administration has set many ambitious goals over the next year, covering a wide variety of activities. Some of these activities will be funded by other City funds. These include community planning efforts, vacant lot cleanup, the removal of dangerous street trees, abandoned cars, and the start of the pilot Community Life Improvement Program. I am happy to discuss these activities with the Committee, but I've limited my remarks today to the NTI activities that are specifically funded with bond proceeds.

The Administration has proposed a conservative budget for the Fiscal Year 2003 because many of the planning activities are anticipated in the program statement and program development have not yet occurred. The planning process will guide funding decisions. This approach is consistent with the overall NTI framework adopted by City Council in February. The NTI Program Statement and Budget and Resolution proposed to spend approximately $65 million in NTI and bond proceeds during Fiscal Year 2003.

The cornerstone of NTI is community planning. The City's neighborhood planning process will develop, one, planning principals in a transparent process for community-based planning and land-use review; systems to ensure the community residents have an opportunity to review and comment on any proposed plan; and structures for community planning that encourage a larger framework for decision-making other than simply neighborhood boundaries.

During Fiscal Year '03, working in consultation with Members of City Council and other City agencies, the City Planning Commission will begin coordinating planning activities in 25 different areas of the City to ensure that residents will help shape the transformation of their neighborhoods. The 25 candidates for community planning are listed in this appendix to the program statement.

The second NTI Program area is blight elimination. The Administration proposes to spend approximately 38 million in government purpose bonds in residential and large vacant building demolition and associated costs in FY '03.

During Fiscal Year 2003, the City plans to demolish 2000 dangerous and unsafe residential properties throughout the 10 council districts. The Administration is committed to working with City Council on NTI's residential demolition activities and large building activities. The Administration is currently meeting with District Councilpersons to decide each district's fiscal FY '03 demolition afternoon encapsulation priorities. These priority areas will serve as the basis for the master schedule encapsulation activities. In addition, any bid package for demolition and encapsulation work funded with bond proceeds will be approved in writing by the District Councilperson whose district is directly affected by such work as required by the authorizing organization for the issuance of the bonds.

The third NTI Program area is land assembly for redevelopment. The Administration proposes to spend approximately $11 million in private activity bonds on land assembly in FY '03.

As a part of NTI, the City will acquire vacant land on a regular and consistent basis. By holding title this land, the City will be able to market developable parcels according to neighborhood plans and to dispose of the properties without the delays and constraints of the current system. Where appropriate, vacant lots will also be disposed to existing homeowners for use as side yards. In FY '03, the City plans to acquire 8,000 parcels in this manner.

However, until the City's proactive land acquisitions system achieves this economy of scale, the City must continue its current practice of acquiring properties for specific residential, commercial, and industrial transactions. In FY '03, the City will use NTI bond proceeds for land acquisition for specific development projects when those projects fall squarely within NTI guiding principles, and that includes neighborhood planning processes.

The fourth NTI Program area is housing investment and neighborhood preservation. The Administration proposes to spend approximately $11 million in bond proceeds on vacant property stabilization and expansion of the Home Rehabilitation Program and expansion of the PHIL Loan Program and the design and implementation after sub-prime product and employer-assisted housing program. In addition, after consultation with our Members of City Council over the past few weeks, the Administration is proposing an amendment to FY '03 Program Statement in order to budget $2 million in bond proceeds to expand the Basic System Repair Program on a geographically targeted basis. It is intended that targeted grant assistance will be accessible to families earning up to 80 percent of medium and direct it towards areas of City that will leverage other

NTI planning, demolition, and stabilization activities and resources or areas of the City where nonprofit and for-profit developers and contractors are working to revitalize a neighborhood.

The final NTI Program area is management information systems. The Administration plans to spend $5 million in government purpose bonds to finance the creation of a vacant property management information system as well as other IT to support the City's housing and community development activities.

In conclusion, the activities described in the NTI Program Statement and Budget for Fiscal Year '03 will enable the City to repair its neighborhoods for redevelopment and growth and preserve those that are healthy and stable. In this manner, NTI will transform Philadelphia neighborhoods so that they can meet the potential as clean, safe, and thriving places to live, work, an play.

Thank you for the opportunity to present this testimony. I will be happy to answer any questions that you and other Members of City Council may have.

COUNCILWOMAN BLACKWELL: Thank you very much.

I have just two questions. We have a museum in our area called Philadelphia Showcase Museum on 52nd Street, that's an arts thing. They deal with hair products, barbershops, and they have started a museum out there. Where can they apply -- they use space in other buildings on the strip, but they don't have the money to purchase the other buildings. Where can a museum -- they've started something that doesn't exist anywhere in the country. What can they do to try to get funds for that kind of a project.

MR. MJENZI: Councilwoman, I think we would prefer for them to come initially directly into the Commerce Department.

COUNCILWOMAN BLACKWELL: Okay.

MR. MJENZI: Once we see what all of the needs are, then it may well be that certain portions of this will go to PCDC, or even within Commerce we may be able to find help on the City rep side of the house for assisting some of that. So I would prefer that they be directly in contact with me, in fact.

COUNCILWOMAN BLACKWELL: Okay, we'll get you documentation.

One other question. Can someone there tell me the difference between Philadelphia More Beautiful, Weed and Seed, and Community Caretakers? Or is that kind of an L&I thing?

MS. SMITH: I think they all have in common that they're community outreach programs. The Weed and Seed Program is a program that is funded, I believe, out of the Department of Justice to do community outreach in neighborhoods. I think the premise was weeding out the bad elements or element that affect public safety and seeding economic development. I believe that program falls under the jurisdiction of the Police Department or at least the Managing Director's organization.

In addition, when we launched the Vacant Lot Cleanup program, we began to also do community outreach around caretaking of properties. And the Philadelphia More Beautiful Committee is the lead agency around, what we call the Block Capital Network. One of the things that in the Administration as part of NTI and under, I think, the direction of the Managing Director's Office is that we'll be looking at a variety of our community outreach activities and make sure that they are working in synergy with one another since for the most part they fall under the MBO's jurisdiction. The Managing Director has begun to look at how it's going to restructure, kind of like the supervision out of her Department of these variety of community outreach activities so that they're in synch with one another.

COUNCILWOMAN BLACKWELL: So the Community Caretakers would come under her domain as well?

MS. SMITH: Yes. And they're looking at, you know, making sure things are consistent with one another and in support of one another.

COUNCILWOMAN BLACKWELL: Thank you very much. Questions from Members of the Committee?

Councilman Cohen, then Councilwoman Tasco and Council President.

COUNCILMAN COHEN: To Mjenzi Traylor

first, but anyone else could answer. In addition to crime and drugs, it seems to me the next order, maybe it even precedes the other two, is the fact that our neighborhoods have been stripped of a lot of their dignity and sense of self-worth by the wholesale departure of supermarkets from every area of the City with practically very, very few exceptions. It seems to me that that's an area of economic development that existed as a problem where we have a blight program to revitalize neighborhoods but they can't be revitalized if you treat them as if they're not worthy of having a supermarket. By this time a supermarket has become part of a fabric of a neighborhood. What is the Commerce Department doing?

In a recent discussion with the Mayor I said I was getting to the point of getting ready to introduce legislation to creat a City bank to make loans to supermarkets to come into neighborhoods. The Mayor responded, Well, we don't really need that because we have an apparatus whereby the City can guarantee loans and perform the same purpose.

I'd like your reaction to that. Do we have it? And if we have it, why isn't it being used, and what are we doing to prevent the supermarkets from staying away from the City?

MR. TRAYLOR: Thank you, Councilman. We have been working on the supermarket issues for the full time of this Administration, and some of that activity, of course, began, as you know, in the last Administration. And and we have helped a number of supermarkets to get established in the neighborhoods or to reopen. The problem right now is that there are certain neighborhoods which at one time the larger supermarkets would not service because they could not find the amount of acreage that they required for their stores.

(Audience jeers.)

MR. TRAYLOR: In the case, for instance, of Pathmark, at one point, where they were insisting on 55 to 65,000 square foot stores, they needed considerable acreage in order to develop them. Now, they have recently, over the past couple of years, changed their policy and they are now operating in smaller locations.

For instance, Pathmark opened at Wayne and Chelten which was a considerably smaller store than they had been insisting on being located in in the past. So we think -- and we understand that that policy may also be changing with Acme, although we have not seen that to be the case at this point.

We stand ready and do have programs to assist the larger operators as well as smaller operators between PIDC and PCDC, we are able to support those projects. So, you know, we stand ready to do that. And we have been doing it and will continue to do it.

COUNCILMAN COHEN: Well, I know in the one case that I've been personally deeply involved in the one at Godfrey Avenue, Broad and Stenton. We have a local market anxious to perform. We thought everything was set, but Sovereign Bank at the last minute pulled out. We never heard of the City giving support in the form of a guarantee of the loan, because had that happened, there would have been a supermarket there and it would be, I'm sure, if the City made clear to community groups that if you get some action going, we're going to be proactive. And I'm urging upon the City, the policy of being proactive.

If you talk about revitalizing neighborhoods, you've got to think of every aspect of a neighborhood. We need retail stores. We don't need just check cashing places or pawn shops.

(Applause.)

COUNCILMAN COHEN: So I'm just urging that in the funds that go exists and as part of the blight program -- I don't understand why it should not be a direct part of the blight program. If you're going to end blight, you've got to revitalize neighborhoods. That's the best approach. And so the supermarket and other retail operations later will come in. Every place ought to have shoe repair shops, clothing stores. Yet many of our neighborhoods have none of that.

(Applause.)

COUNCILMAN COHEN: So I would like to see is there a plan being developed other than demolition of homes for the creation of neighborhoods?

(Applause.)

COUNCILWOMAN BLACKWELL: Let me likewise note that in West Philadelphia -- and I certainly agree with the statements made by my colleague that we have to foster neighborhood development and supermarkets. We have a Great Value. In fact, there's one now on Brown Street where that Shop and Bag was closed a long time. Its now a Great Value. We had one that opened a couple years ago at 58th and Baltimore. They're building one at 56th and Chestnut next to the Rite Aid. And we also ask a Fresh Grocery at 48th and Walnut. And we're also trying to decide if we can do a small one on the Kirkbride side of 49th and Market. So it's a struggle, but when communities and the City and private entities come together, we can get it done.

MS. SMITH: I just want to just comment briefly on one aspect of NTI which we think can serve as a stimulus for attracting supermarkets to neighborhoods. One of the impediments, as Mr. Traylor mentioned, has been do we have enough sites, developable parcels, for

the building of supermarkets. And that's why
we're putting an emphasis on land assembly
activities connected with the unfortunate need to
carry out some demolition activities in our
neighborhoods so we can begin to create
sufficient enough acreage and then proactively,
as you said, Councilman, market that to
supermarket providers connected. And in
marketing that, also making them aware of the
resources the City has to support them through
loan programs. And then I think another
important part of that marketing can also be
whether or not these operators could avail
themselves of the community renewal tax
incentives that were recently passed by the
federal government and for which the City has
been designated a renewal community because that
enables people to write down the cost of building
private companies like supermarkets.
COUNCILMAN COHEN: Does the NTI
Office have a model program of a neighborhood of
what it consists of so that there could be a
model of what's needed when we talk about
revitalizing neighborhoods? What does a

revitalized neighborhood consist of, at least the minimum characteristic like retail shops, like supermarkets, that kind of a thing so we can know specifically what the clear goals and aims of the NTI Program are other than just demolition?

MS. SMITH: Councilman, I believe we've made this available at a previous hearing, but there is -- the City Planning Commission, one of the first things that they developed are what they call guidelines for, you know, a community, what are ideas, as you said, of that successful communities would look like. And it addresses all things from housing to recreational facilities and public facilities and transit and access to transit and the like. Miss Griffith will be happy to -- will follow up and make sure that Members of the Committee and Council get a copy of -- I think it's called Guidelines for Good Neighborhoods, or something like that.

COUNCILMAN COHEN: Is there a statistical base which shows how many supermarkets there were, say, ten years ago in the City of Philadelphia and what the number is now and how they were divided among neighborhoods?

MS. SMITH: Again, the City Planning Commission has done a great deal of research in developing the standards. One of the things that has changed, I think, say, from 10, 15 years ago is that the economies of supermarkets are such that they tend to want to build these big mega stores whereas before, as we all know when we look around our neighborhoods when I was growing up, it was economically feasible to have smaller supermarkets in neighborhoods. And I think what we are is caught between that kind of paradigm shift. I'm really excited by the prospect that, you know, supermarkets are beginning to rethink their requirements when it comes to urban inner-city communities versus what they're used to building in suburbs where, you know, sprawl was the objective.

But we will follow up. I will have the Planning Commission provide you with their analysis of, you know, what is an appropriate ratio based on the population.

COUNCILMAN COHEN: Would it be practical to have a goal of a supermarket in every neighborhood? And if the City developed that like it moved the cars, like it took over the drug corners, I think we could have progress much faster And give our neighborhoods real hope.

(Applause.)

MR. TRAYLOR: One of the things that we do -- one of the grant programs that we have in the Commerce Department is one that, in fact, studies market feasibility for any given neighborhood. And so -- but, however, I think I do have to say that it's not always as simple as public participation in the process. As we know, the City was very much involved in helping to open the supermarket at Broad and Wingohocking and we know that currently that supermarket is closed. I mean, there are huge issues about operators and their suppliers. And so, sometimes they have difficulties that we cannot provide the level of support in propping them up. But where we can, we do. And so -- and, you know, I cite that just to say that that's one instance where we have assisted in the opening of a supermarket, but we will continue despite that what we hope will be a temporary failure. We will continue to support such projects.

COUNCILMAN COHEN: Well, I raise it because of two instances now this Administration has shown that where it sets its purpose and its will, it can produce some positive results. They did it in car removal. Previous Administrations said you couldn't remove abandoned cars in the number required. They said there was nothing anybody could do about these drug corners. But this Administration, when it's determined to act, did act effectively. I'm suggesting the same kind of emphasis on specifically getting the supermarkets into the neighborhoods and showing the people that we're really interested in the quality of their life.

(Applause.)

MR. TRAYLOR: Thank you, Councilman.

COUNCILMAN COHEN: Thank you.

Thank you, Madam Chair.

I think the City has to set at its goal in real life in the neighborhoods so people don't feel like they have to go to somebody else's neighborhood in order to shop because that's what's happening today and it's having a devastating effect on the quality of life and on the morale of the people in the neighborhoods. They kind of feel deserted. We ought to turn that around.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much. Let me say, before I call on Councilwoman Tasco that we welcome all of you and we're very glad to have you, but you must sit quietly and listen to the -- we don't mind a clap here and there, but we can't have verbal statements and responses during this process. This is what we do. This is the way we do it. And you have to respect our process. So feel free, we welcome you, we welcome your signs, et cetera. But you cannot respond individually from your seats. That, we cannot have and we will not tolerate. Thank you.

Councilwoman Tasco.

COUNCILWOMAN TASCO: Thank you. I am trying to work on this whole supermarket project that Councilman Cohen mentioned in my district at Broad and Godfrey. What I find very frustrating is the bureaucracy that we have to deal with in just trying to deal with getting a business. I mean, is there some way that you all can cut out some of the stuff that people have to deal with in trying to do business with the City? I mean, there are a lot of issues with Broad and Godfrey and not necessarily, I would say, of fault of your department, but just because of the nature of the businesses in that area trying to regroup and get together. But it has been very frustrating to try and to just deal with that. That whole issue of getting a market or something on that corner which brings it to the Council office as opposed to the Commerce Department's office, staying on top of what's happening there in that block. I mean, We constantly have to worry about, well, what's happening now, what's happening next.

Do you all assume some of that responsibility of staying on top of what action is taking place in the community?

It's been almost four years since we began talking about the supermarket at Broad and Godfrey as well as other projects that -- and I don't have a lot of them. I'm looking at this program. We don't have anything, actually, in my district that's going on. And how can we move things along more quickly?

MR. TRAYLOR: I think, Councilwoman, as you know, we were brought into that issue at one point and there were some rather sizeable site control issues because of the purchase of certain parcels as well as the fact that the size supermarket that originally was asked for would have required -- under one plan would have required the purchase of the gasoline station on the corner. And that was not deemed to be feasible.

Now, when Councilman Cohen mentioned the Sovereign Bank deal, this may be the example of what does happen very often, and that is that private interests do move in a way that does not always involve the City. In other words, we were not asked for any support for that deal. Now, I think that we would be willing to take a look at that. If there was need of public support, rather than just to say that based on some of the earlier issues that were involved in our looking at that project and the fact that it was not feasible does not mean that the project that they had at the point where Sovereign was involved was one that we could not have been involved in and maybe would not have wanted to be involved in. So I would like to take a look at that.

COUNCILWOMAN TASCO: Do you have a business action center representative for that area?

MR. TRAYLOR: Yes.

COUNCILWOMAN TASCO: Do they stay on top of what's going on in the -- I guess the question for me is, whose responsibility is it to follow through on these projects once we put them in your -- at least alert you to the fact that this is what's happening on this corner and whose responsibility it is to follow through on that project to see that whatever problems come up, somebody's there to take care of that issue. I mean, and particularly if we brought you into the process, and so many things had happened with that corner.

MR. TRAYLOR: There are two levels of support. One is for certain types of supermarket projects. Bilal Qayyum from our department is

the point person for those projects and has been involved in helping to reopen and open some of the supermarkets that we have.
However, I am the responsible person. So that if something is not taking place, then I would appreciate it if the Councilwoman would let me know. But there is another level of assistance, and I would like for Curtis Jones from PCDC to speak to that.

(Witness comes forward.)

MR. JONES: Good morning -- or good afternoon. Two levels that we've been --

COUNCILWOMAN BLACKWELL: Excuse me. Please identify yourself for the record. Thank you.

MR. JONES: Curtis Jones, President of the Philadelphia Commercial Development Corporation.

We were developed in that particular issue to some degree. It is a little off of our corridor, but we felt that we should be involved because it impacted existing businesses at Broad and Olney. One of the potential deals there was an existing grocery store that had been at Broad and Olney for a number of years that wanted to do come north a block to expand its operations and continue the site at Broad and Olney but also expand to this site. One of the issues that came up was purely private sector. It was a major pharmacy that was to be a part of that land transaction because the parcels were owned by the actual drugstore. And in that negotiations, it went into a situation where the -- I don't want to say the name of the drugstore, but they did not want to give up front footage on Broad and Spencer, I believe the street is. And the negotiations broke dawn because they felt that they were the cart pulling the horse.

And I say that in particular because it's true about a number of negotiations within grocery stores in inner-city areas that particularly certain drug stores do not want to see grocery stores actually reemerge in those commercial corridors because it takes dollars away from their particular entity. Some of the drug stores actually sell product that the grocery stores did. Case in point was 46th and Brown where there was another chain there and they were able to, based on bulk purchasing, underprice in particularly on items such as sodas and others and cut deals that actually hurt the market. And so a lot of these negotiations aren't a question of funding because no amount of money we were going to put up and were prepared to at Godfrey would have stopped this particular drugstore from giving up its frontage because they felt that they had a strategic advantage in competition to the grocery store.

So there has to be some involvement when we deal with these drugstores that own land that have consumed a lot of land and negotiate how they kind of coexist with some of the other grocery stores that other people need in neighborhoods because they're not in the sharing mood, if you follow my point. They're try to monopolize their position on those corridors, and that's something that we have to look at.

COUNCILMAN COHEN: Mr. Jones. Excuse me. Would you yield, Councilwoman Tasco, for a moment on that?

COUNCILWOMAN TASCO: Sure.

COUNCILMAN COHEN: Because the

drugstore you refer to and the merchant at Broad and Olney have been in continuous negotiations. Negotiations are not broken off. And the City's involvement -- the City withdrew, apparently, from the process because otherwise, you know, you would not have made the statement about negotiations breaking off. They're very much alive except on the financial question. There is a finance question that has to be dealt with. And the City, it seems to me, has to cooperate with Councilwoman Tasco and Councilwoman Miller and myself to bring this about. And as Councilwoman Tasco said, I think it's four years since she first raised the issue and we had meetings and the Zoning Board has been cooperative. Seems to me that if the City decided to wanted to do something, this is a place that it could do it in.

MR. JONES: If you're considering us a part of the City, we're very much a part of those very negotiations and we're prepared to step up to plate. So it is not a question of lack of interest from our part. So as long as they can resolve some of their square footage issues, we are prepared.

COUNCILMAN COHEN: Well, we'll pass word on and we will hope something will develop because we think four years is a pretty long time to struggle for the most basic part in an area that successfully had a supermarket for 50 years.

MR. JONES: We agree.

COUNCILMAN COHEN: There's no question as to the fiscal viability of it. There may be problems that have to be dealt with, but that's all.

Go ahead, Councilwoman Tasco. Thank you for yielding.

COUNCILWOMAN TASCO: I think what we need to do is to not belabor this hearing with this issue because it's one. But we need to meet about that because there may be some misunderstanding about the involvement PCDC with that market.

MR. JONES: We're prepared -- we'll look into it.

COUNCILMAN COHEN: But then we need it citywide because everywhere I go as Councilman-at-large, the first question -- it precedes all questions about drugs and crime is, "When are we going to get a supermarket? Why do we have to go to some other neighborhood to shop?"

And I've never been able to come up with a decent answer because there is none. Every neighborhood ought to have its own market area.

MR. JONES: We agree, Councilman.

COUNCILMAN COHEN: Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much.

Councilwoman Tasco.

COUNCILWOMAN TASCO: I'd like Mr. Mjenzi, on Page 3 of your testimony, you talk about targeted neighborhood commercial area programs. Would you explain that to me and also explain to me how you came up with the commercial areas that you have attached to your list?

MR. TRAYLOR: Usually it's demand-based. In other words, if the CDCs come to us or the community organizations come to us with proposals for specific assistance, then we have tried through the years to try to have a response to that. Our level of funding probably would not enable us to respond fully to every neighborhoods, as we know. But, you know, I think from year to year, under the CDBG program, we would just continue to look at the neighborhoods that are requesting special assistance, long-term assistance for doing work in their neighborhoods and try to develop the level of response. For a long time, for instance, we only had three such neighborhoods that we worked with. And we have tried in the current year, in the last two years to expand that.

COUNCILWOMAN TASCO: A CDC has to be -- they're the recipients of the funds to work with the targeted neighborhood areas?

MR. TRAYLOR: That's correct.

COUNCILWOMAN TASCO: So they get the funds.

MR. TRAYLOR: Yes.

COUNCILWOMAN TASCO: So tell me who is the CDC for the Logan business strip and for Fifth and Olney?

MR. TRAYLOR: I don't know, but I

will check on that. I will check on that.

COUNCILMAN GOODE: Point of information.

COUNCILWOMAN BLACKWELL: We have a point of information. Councilman Goode.

COUNCILMAN GOODE: I believe, Councilwoman Tasco is referring to the PCDC program, not the Commerce Department program.

MR. TRAYLOR: Oh, I'm sorry. I'm sorry. When you said targeted neighborhoods support program. Thank you, Councilman.

COUNCILWOMAN TASCO: Thank you.

MR. TRAYLOR: David Boyd who is the manager for the commercial corridors will speak to that.

COUNCILWOMAN BLACKWELL: Thank you.

COUNCILWOMAN TASCO: He just needs to let me know that. You don't have to answer that. I want to know that, okay?

Let me just ask you, Mr. Jones, about the neighborhoods commercial revitalization corridors and how they are designated and how long does it take and when are we going to get new census information? Is it going to be another ten years?

MR. JONES: I'm not prepared, Councilwoman, to talk about the census information because they have not released that. But what we are looking at in anticipation of some of that is looking at those areas that qualify for low and mod, continually working with them. But those that are deemed thus far above low and mod income guidelines, working with dollars outside of CDBG to be able to give them similar treatments that the low- and moderate-income neighborhoods get. And that has been an increasing problem because a lot of the areas that are marginal, they're doing okay, they're not as impacted as others, still need help. And what we're looking at within the Commerce Department in cooperation with them is finding dollars so that we can give them similar treatments such as facade treatment, sign rebates, security rebates, and capital infrastructure repair. And we believe that the Commerce Department is going to identify some dollars some dollars either through NTI or stimulus dollars to accommodate those corridors.

COUNCILWOMAN TASCO: Do you run the facade program?

MR. JONES: Yes, the ones in the low- and moderate-income areas. And there are some that are outside of that that Commerce runs.

COUNCILWOMAN TASCO: Okay, thank you. Could I have a question about that? And then I'll be almost finished.

MR. TRAYLOR: And the ones that he referred to that are outside, the example would be Wadsworth Avenue.

COUNCILWOMAN TASCO: Right.

MR. TRAYLOR: Where we worked with you before.

COUNCILWOMAN TASCO: What is the process for a person getting the facade money?

MR. TRAYLOR: To simply contact --

COUNCILWOMAN BLACKWELL: Excuse me, could you check this microphone, please? We can barely hear Mr. Traylor. Would somebody check his mic? Thank you.

MR. TRAYLOR: To simply contact the Commerce Department, Councilwoman, and we will make certain that the manager for those programs

works with whoever is applying.
COUNCILWOMAN TASCO: What is the process for qualifying for a facade? If I'm a business person and I want to do my front, do I have to go through a CDC or I just come to the Commerce Department?
MR. TRAYLOR: No, you can come directly to the Commerce Department for that.
COUNCILWOMAN TASCO: Is there a limit on the number of properties I can have funds for?
MR. TRAYLOR: Yes. Well, we're limited in the number we can handle because of budgetary restraints. But we would, you know, we would help as much as possible as we could. In the case of Wadsworth Avenue, and I hesitate kind of using that as an example because we don't have the same dollars available to us now that we had when we did Wadsworth Avenue, but we did that based upon making special funding available for those treatments. And we can do it on a limited basis now, but not nearly to the extent that we did it on Wadsworth Avenue.
COUNCILWOMAN TASCO: You don't have any stimulus dollars available?

MR. TRAYLOR: That is correct. That is not to say we don't have any stimulus dollars; we have far fewer or a much smaller level of stimulus dollars than when we did that particular project is the point that I'm making.

COUNCILWOMAN TASCO: So how do you identify a project? Suppose if we wanted Wadsworth Avenue, nothing was done, we wanted facades on Wadsworth Avenue; how would with we get entire street done? Or would you say we can only do 20 businesses?

The point is trying to make a difference. So if you look at Ms. Smith's philosophy and the City Planning Commission's philosophy is that you go in and you do work so that at the end of the day, you can see that there's something done. So if you go on a block and you want to do a facade program as we did on Wadsworth Avenue and we got it all done -- maybe we need another vote on some bill in Harrisburg, we might get the money, right?

But in any case, so how do you come away from the area looking whole or if you spent your money in a wise way?

MR. TRAYLOR: The only offhand suggestion that I would have is that there be the level of cooperation between all of the businesses that would find a smaller level of public support going to a number of businesses rather than a higher level going to a few, okay? That's one way that we could do it.

Now, for instance, if we talk about a facade treatment that we did on Cecil B. Moore Avenue recently, we did it in cooperation not only with the businesses and public funds, but Temple University also made dollars available. So we were able to do it that way. I don't think that there's any one answer to this. It kind of depends upon the corridor and what we're able to work up.

COUNCILWOMAN BLACKWELL: Excuse me. Councilwoman Tasco, Council President Verna has to leave. Would you yield to her and then we can come back?

COUNCILWOMAN TASCO: Sure.

COUNCILWOMAN BLACKWELL: Thank you.

President Verna.

COUNCIL PRESIDENT VERNA: Thank you.

Can someone at the table please explain what wraparound insurance is?

MS. SMITH: Yes. Wraparound insurance, in order to facilitate the ability of contractors bidding on demolition projects and also as part of our economic opportunity plan, the City is going to purchase insurance for third parties. By doing so, a couple of things will happen. It will enable to us to basically, if you think about it, buy at bulk. Or just like you buy group insurance and therefore control those costs as well as make sure that appropriate safety protocols are put in place. I can have Joe Parella from the Risk Management Office and some of the his staff provide a more detailed response to that, but the essence is enabling the City to purchase insurance on part of the third persons to enable them to bid on City contracts with respect to demolition --

COUNCIL PRESIDENT VERNA: Well, with the information that was provided to us, it would indicate that the total cost of this insurance is $12 million, of which $6 million will be paid out of the NTI bonds.

MS. SMITH: Mm-hmmm.

COUNCIL PRESIDENT VERNA: Where will the other $6 million come from? Whose budget? And what year?

MS. WILKERSON: The initial plan was to have a part of it funded out of the City's General Fund. When we take a look at the capacity of the General Fund to fund that in out-years, we may end up funding some of that out of NTI bond proceeds. Normally, it's the kind of cost that wouldn't be apparent, it would be just a cost of doing demolition. I think it stands out in this context because the City's making the purchase. What we expect is to have a slightly lower cost of demolition because demolition contractors aren't having to purchase their own insurance; the City's already providing that.

COUNCIL PRESIDENT VERNA: But why wouldn't this be a cost to the demolition companies?

MS. WILKERSON: The City requires that contractors have insurance in case something happens on the job, and what we know --

COUNCIL PRESIDENT VERNA: But we're

paying for it.

MS. WILKERSON: Excuse me?

COUNCIL PRESIDENT VERNA: But aren't we paying for it? Isn't that the testimony?

MS. WILKERSON: That's right. And normally, our demolition contractors for the City are required to have insurance. Normally, you know, when we put together the bid, their bid reflects their having to purchase insurance. What we're saying is we can buy it more economically than these little contractors who sometimes can't get it at all, we'll buy the insurance and not expect to have that reflected in the cost of demolition.

COUNCIL PRESIDENT VERNA: So we're paying.

MS. WILKERSON: We would pay for it anyway.

COUNCIL PRESIDENT VERNA: Is that reflected anywhere in the Five-Year Plan, The $6 million.

MS. WILKERSON: In the City's Five-Year Plan?

COUNCIL PRESIDENT VERNA: Yes.

MS. WILKERSON: I have to check on that.

COUNCIL PRESIDENT VERNA: Would you, please? I'd like to know where it's reflected.

Can someone tell me how many Tier III cases have been treated in the last three years?

MS. McCOLLOCH: I'm sorry. I don't have that information with me right now, but I can get it for you, Councilwoman.

COUNCIL PRESIDENT VERNA: Well, can you give me some --

MS. McCOLLOCH: Last year, I believe it was 50 --

COUNCIL PRESIDENT VERNA: I'm sorry, I can't hear you.

MS. McCOLLOCH: We did 22 last year. The average is about 30 a year. So I can provide that information for you.

COUNCIL PRESIDENT VERNA: I hope I misunderstood, but in someone's statement when they mentioned that the basic system repairs will be available to geographically targeted areas, am I to believe that John or Jane Citizen can no longer receive such services if they are not in an NTI area? I thought the whole process of NTI was to stabilize communities. Now, if we're saying that you can only receive these services if you're in a targeted area, by the time you get to the untargetted area, it will be time for demolition again.

(Applause.)

MS. SMITH: Councilwoman, Council President Verna, that is not the intent. There is currently the existing Basic System Repair Program --

COUNCIL PRESIDENT VERNA: But isn't that what was said in the testimony? Geographically targeted areas, that's what was said.

MS. SMITH: The current Basic System Repair Program, which is funded with Community Development Block Grant funds will continue to be available on a citywide basis on a first-come first-served basis for Tier I and Tier II.

In addition, after many meetings with representatives from City Council and other advocates, the question became, are and to what extent we could make bond proceeds available in a more targeted basis to augment the existing Basic System Repair Program. We are going to do that. An example could be replicating and It's Your Turn Program which was in West Oak Lane where we did a grant component to a loan program. The intent there is to target it in support of other NTI activities, in fact, to support existing -- a number of questions that have come out of community meetings that we've had, including constituents from your community, is the availability of resources in areas for existing homeowners where there's other work going on and where we're going to be doing planning work. So that's the intent. This is a supplemental component that we're suggesting that be on a targeted basis. It's consistent with the --

COUNCIL PRESIDENT VERNA: So that the record is made very clear, basic system repairs will be a service provided citywide?

MS. SMITH: Yes.

COUNCIL PRESIDENT VERNA: Am I absolutely clear on that?

MS. SMITH: Yes.

MS. McCOLLOCH: Yes.

COUNCIL PRESIDENT VERNA: Great.

Could you tell us what the limit is for Tier II repairs in Year 27?

While you're looking for that, maybe you could tell us what the limit for Tier II repairs is in Year 28?

MS. McCOLLOCH: I'm sorry, Council President. I want to make sure I understood the question. You asked what the limit was currently or what's proposed?

COUNCIL PRESIDENT VERNA: For Year 27 and what will they be in Year 28?

MS. McCOLLOCH: Okay. In Year 27, the current limit for Tier II is $15,000 a property.

COUNCIL PRESIDENT VERNA: And for Year 28?

MS. McCOLLOCH: It's still 15,000, as indicated in the plan.

COUNCIL PRESIDENT VERNA: How many properties did you treat this year?

MS. McCOLLOCH: I'm sorry. I may have misspoken.

COUNCIL PRESIDENT VERNA: I think you

may have.

MS. McCOLLOCH: I beg your pardon.

COUNCIL PRESIDENT VERNA: I think Tier II repairs in Year 28 will be 7500?

MS. McCOLLOCH: I'm sorry. 7,500 limited. I beg your pardon.

COUNCIL PRESIDENT VERNA: Can you tell us for the record how many properties did you treat this year that fell between $7500 and $15,000.

MS. McCOLLOCH: I don't have that information today, but I can provide it to you.

COUNCIL PRESIDENT VERNA: So what you're telling us is that Tier 3 is completely eliminated?

I can't see you. I'm sorry, I like to look at people when I talk to them.

Sir, excuse me. Can you just move a little please? Thank you.

Now, with Tier 3 being totally eliminated, how are people that have the problems that one would have under Tier 3 be addressed? Do we just tell them to abandon their properties, that we cannot help them? How are we going to

address a situation such as that?
MS. McCOLLOCH: We're expanding the PHIL loan Program to provide additional.
COUNCIL PRESIDENT VERNA: I'm sorry. I can't hear you with the air conditioner on and the --
MS. McCOLLOCH: We're expanding the PHIL loan Program which is the program that offers loans and we're reducing the interest rate to make them more affordable so that people may be able to get a PHIL loan.
COUNCIL PRESIDENT VERNA: So will we give a grant and make a loan available?
MS. McCOLLOCH: Yes.
COUNCIL PRESIDENT VERNA: And we will give them a grant that would be equivalent to how much money?
MS. McCOLLOCH: They could get a grant up to the $7,500.
COUNCIL PRESIDENT VERNA: Or 15,000?
MS. McCOLLOCH: No.
COUNCIL PRESIDENT VERNA: Well, you're saying --
MS. McCOLLOCH: Under Tier II --

COUNCIL PRESIDENT VERNA: Under Tier II it would be 7500.

MS. McCOLLOCH: Correct. And then they would be able to --

COUNCIL PRESIDENT VERNA: Well, what is Tier I, how many is that?

MS. McCOLLOCH: Tier I is $3,500.

COUNCIL PRESIDENT VERNA: That, I guess, would give somebody a new roof, if that.

MS. McCOLLOCH: Yes. Tier I is designed to treat one system in the property. So, yes, it would give them a roof or it would give them a new electrical system or it would give them a new water system. And then if need something beyond that, the family moves to Tier II which provides -- which going forward will provide up to 7,500.

COUNCIL PRESIDENT VERNA: How many people do you think would fall into the category for Tier III? Do you have any estimate as to how many people would fall into that category?

MS. McCOLLOCH: Well, last year we provided 22 Tier III grants.

COUNCIL PRESIDENT VERNA: And were we

able to -- how many areas were we able to stabilize with the 22? None?

Can you tell us specifically why we're abandoning the idea of Tier III?

MS. SMITH: Councilwoman, if I may, when we started to look at the level of participation and the average grant and the demand for the Basic System Repair Program, it became evident that once we went into Tier III, we basically were talking about a moderate rehabilitation program for owner/occupants, and at the level we were funding, we weren't reaching very many people. We thought that it made more since to try to -- and the concept behind the Basic System Repair Program, as it's so named that, that it is a Basic System Repair Program. I think what we would like to -- one of the things that we need to do and one of the things we've always talked about is a lot of times we've created programs many, many years ago and we don't take a look at their impact and evaluate them. If we need a moderate rehab program, I think this is the opportunity to really think anew of how that may operate. Could it operate as a grant and loan program. Could it just operate as a grant when you need that level, $25,000.

COUNCIL PRESIDENT VERNA: Just answer a question for me very briefly, please. Have we changed the eligibility for Tier II?

MS. SMITH: We're having trouble hearing. I'm sorry.

MS. McCOLLOCH: No, we have not changed the eligibility for Tier II.

COUNCIL PRESIDENT VERNA: Thank you. I'm sure that there are other Councilmembers that have questions, so I will come back later. Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Madam President. Thank you very much.

We will now return to Councilwoman Tasco because she yielded to President Verna. And after her, Councilman Kenney, we know you're next, okay?

COUNCILWOMAN TASCO: I'll come back.

COUNCILWOMAN BLACKWELL: Councilwoman Verna, are you finished? Because Councilwoman Tasco said she will come back.

COUNCIL PRESIDENT VERNA: I have a meeting; I can only stay for a few more minutes, but So I will be back. So I would then yield to Councilman Kenney.

COUNCILWOMAN BLACKWELL: Thank you, Councilman Kenney.

COUNCILMAN KENNEY: Thank you, Madam Chair.

Has any demolition been started yet with the use of bond proceeds?

MS. SMITH: No. We just received the sign-off on the first package about a month ago and we're in the process of putting the bid package together for advertisement.

As you know, under the ordinance passed by City Council, the District Councilperson must approve the package prior to advertisement for bids.

COUNCILMAN KENNEY: But there is demolition going on with normal City dollars, eminently dangerous properties.

MS. SMITH: Right, the curbside.

COUNCILMAN KENNEY: Has bid package been finalized and sent out? It is it available to contractors who want to bid on this work?

MS. SMITH: I believe they're actually working on that this week. Our objective is to have a bid package on the street, I believe, it will be the first week of June.

COUNCILMAN KENNEY: Will potential contractors be prequalified?

MS. SMITH: Yes. There is a process in place being led by the Procurement Department and other City departments where doing prequalification processes. We can get information and copy of the prequalification package that's been developed and distribute that to all Members of City Council.

COUNCILMAN KENNEY: Have any contractors been prequalified to date?

MS. SMITH: I'm not intimate with that level of detail. I would have to touch base with the representative from both Procurement, L&I, and Capital Program.

COUNCILMAN KENNEY: What I would appreciate is, if possible, if there is a list that, exists a list of those individual contractors or companies that have been prequalified and who the principals of those companies are, if possible.

MS. SMITH: (Nods head.)

COUNCILMAN KENNEY: And if it's not available, potentially when it may be available.

MS. SMITH: Okay.

COUNCILMAN KENNEY: Could you give me an update on the Housing Development Agency's collapsing or streamlining? Could you give me an idea where the status that far process is relative to the housing agencies?

MS. SMITH: Actually, what we've been doing is just continuing to think through how we might be able to stage such a reorganization. Really, beginning internally, just getting a good handle on the variety of agreements that underpin the agencies. We haven't moved forward in a significant way in that regard.

COUNCILMAN KENNEY: What's the timetable on that?

MS. SMITH: And we also, just to get a sense of interest in whether or not and what it would cost to also retain management consultant services with specialists with re-engineering who are specialized in re-engineering projects, we issue what we call a request for expression of interest but have not completed looking at that.

COUNCILMAN KENNEY: What's the timetable on the streamlined plan?

MS. SMITH: We generally talk about that. It will take in all total, approximately 18 months. That, with some specific benchmarks in between that, including putting together a new budget that would be reflective of a reorganized ed agency, so 18 months from that point.

COUNCILMAN KENNEY: 18 months from now or 18 months --

MS. SMITH: To be completed.

COUNCILMAN KENNEY: 18 months from now?

MS. SMITH: I think 18 months once we make sure we understand what we can and cannot do.

COUNCILMAN KENNEY: So it may be longer than 18 months.

MS. SMITH: Is to Complete the entire project.

COUNCILMAN KENNEY: So it may be

longer than 18 months if we're not ready to go now. I'm not being critical, I just want to know it's 18 months once you come up with the final plan?

MS. WILKERSON: Yeah.

COUNCILMAN KENNEY: So we don't know when the final plan is coming so it may be likely more than 18 months from today?

MS. WILKERSON: Well, that would be an outside figure. There are certain benchmarks so there will be parts of it that we would hope to have completed and operational, you know, well short of the 18-month period. There may be certain aspects of the reorganization where the new job descriptions, the training are not actually completed until the end of the 18-month period.

COUNCILMAN KENNEY: It was my understanding at the outset of this discussion on NTI that the streamlining of these housing agencies overlapping many times in jurisdiction and responsibilities was something that was supposed to be a major keystone of this project. And to me seems it's way, way down the road and if it happens at all, it's going to happen quite a bit of time from now. I thought that was a part of the way in which we are going to save money and leverage more funds and basically streamline and reduce the size of the government. That doesn't seem like it's going to be happening any time soon.

MS. SMITH: Again, it's a complex undertaking with a multitude of issues, both legal and other, that are embedded in it. And we're just being prudent and diligent.

COUNCILMAN KENNEY: Again, I'm not being critical, but we're two years into this thought process. You would think at some point in time we'd have a more definitive at least framework of the plan. And will that potential plan result in the elimination or reduction in the workforce?

MS. SMITH: Again, one of the things when we testified in Council back in December, and we shared the high level of table organization, the commitment was made that any changes in workforce would be accommodated with other positions within local government.

COUNCILMAN KENNEY: So the plan is that there would be no overall net reduction --

MS. SMITH: That people will be held harmless.

COUNCILMAN KENNEY: The employees will be held harmless, but the taxpayers won't necessarily be held harmless. Is that accurate?

I mean, part of what was understood to be one of the major objectives of this is to streamline these agencies, reduce the size and cost to the taxpayer, whether they are City taxpayers, state taxpayers, or federal taxpayers. And what you're telling me now is that even if we do eliminate positions in those areas, we're going to be sprinkling those people throughout the government anyway so there's no overall net saving to the taxpayer.

MS. WILKERSON: I think we've been consistent on this point. We expect for there to be fewer positions in the now housing organization than there are positions currently within the constellation of housing organizations. Our commitment to City Council and the employees who came here is that we would absorb people who are no longer employed within the housing constellation into other positions in government. And that's still our commitment.

COUNCILMAN KENNEY: And how would that be accomplished considering the fact that most of the positions in government are Civil Service?

MS. WILKERSON: Not all of them are Civil Service --

COUNCILMAN KENNEY: I didn't say all, I said it's a fair statement that most of the positions in government are Civil Service.

MS. WILKERSON: That's one of the issues that we're going to be working through, but our commitment remains the same, that we will not be putting people out on the street as a result of this housing reorganization.

COUNCILMAN KENNEY: And no one's suggesting that people be put out on the street, but when the government is too big to begin with and our goal is to streamline and tell people that we're streamlining agencies when in the end we're really not streamlining much. We may be streamlining a part of the process, but we're not streamlining the cost to the taxpayer, whether that taxpayer be a federal, state, or City taxpayer; is that accurate?

MS. WILKERSON: I think that there will not be -- there will still be costs associated with the people who will be retained within government. When I think back about other examples, I think about the closing of the nursing home or the transfer of operation of the nursing home. And at that time when that happened, the commitment was made that people would be absorbed within government; and that, in fact, did happen. I see this as being a similar kind of commitment. I think you appropriately identified some of the challenges associated with that.

COUNCILMAN KENNEY: Well, in all fairness, not too long ago the Administration was claiming that they were going to laying off police and fire fighters as a result of -- but that didn't seem to be too much of a concern as opposed to finding new places for people in these agencies to land, so --

MS. WILKERSON: I think that the --

well, I'm not going to argue.

COUNCILMAN KENNEY: You through?

MS. WILKERSON: (Nods head.)

COUNCILMAN KENNEY: Okay. Let me ask you about the process dealing with CDCs and other grants and loans that are awarded periodically throughout this process. What is the process to determine and to quantify the effectiveness of the CDC, what they accomplish, what they don't accomplish, what their mission is? Are they required to come and explain what they're intending to accomplish with the money given in that particular year? And then is there a follow-up to see whether or not that in fact happened?

Same thing with grants and loans that may be given for various economic or residential development operations. How do we figure out who's doing what for what money and whether or not they're effective?

MS. McCOLLOCH: I'll speak to the housing portion of that. In the case of housing development, we put out a request for proposals and CDCs respond to that request for proposals by submitting a proposal for whatever the development project is it's suggesting. That proposal is evaluated. One of the --

COUNCILMAN KENNEY: By whom? I'm sorry. By whom?

MS. McCOLLOCH: There's an interagency team Proposal Review Committee composed of people from the Redevelopment Authority, the Office of Housing, Community Development, the Planning Commission. The proposals are reviewed. Part of that review is to review the past experience of the CDC, has the CDC performed well on past projects and so forth.

COUNCILMAN KENNEY: What are the criteria for that evaluation? What are the areas that they look at?

MS. McCOLLOCH: I'm sorry, I have two people talking to me at the same time. I beg your pardon. What are the criteria?

COUNCILMAN KENNEY: For a CDC, for example, what are the general areas of evaluation that take place as a result of determining whether or not to continue to fund an organization or to eliminate -- and by the way, has anyone's funding ever been eliminated or reduced?

MS. McCOLLOCH: Both of those things have happened, funding has been eliminated or funding has been reduced. The reduction usually occurs if the CDC can't acquire or can't produce the number of houses that it said it was going to. We'll just stop where it is or we won't fully fund whatever was originally proposed

COUNCILMAN KENNEY: Is that in all cases? In all cases where CDCs do not meet their benchmark or their projection on production, their funding is either eliminated or reduced?

MS. McCOLLOCH: Generally, it happens if the CDC is not able to acquire the number of houses that it initially proposed that it would do. So a CDC may have said "We want funding to support the rehabilitation of 15 properties," but before it could get to settlement, either it couldn't acquire all of those, one of them was too severely deteriorated, one of them was demolished, whatever happened. So the number of properties is reduced and then the funding is reduced that goes along with that.

COUNCILMAN KENNEY: How often does that happen? What percentage of --

MS. McCOLLOCH: It doesn't happen very often, but it does happen.

COUNCILMAN KENNEY: Does it happen that they don't reach goal or that their funding's not reduced?

MS. McCOLLOCH: It doesn't happen often that they don't -- it doesn't happen often that the funding is reduced to the number of CDCs.

COUNCILMAN KENNEY: Okay. What's the percentage of CDCs that are able to meet their goals, stated does?

The question is, does every CDC that doesn't meet their goals have their funding reduced or is it on a case --

MS. McCOLLOCH: No, every CDC does not have its funding reduced and every CDC is not -- funding is not eliminated to every CDC. In general, once a project has been accepted, the project manager at the Redevelopment Authority works with that CDC to work through whatever the issues are that are preventing the CDC from moving forward with its project. Obviously, the best thing in world is to have a CDC that is very capable, has all of its properties, is ready to go and everyone thinks it's swell. That doesn't always happen. We have a commitment to the neighborhood and to the project and so we work with the CDC to work through whatever the issues are.

COUNCILMAN KENNEY: How many cases per year do you deal with in that regard?

MS. McCOLLOCH: How many projects a year?

COUNCILMAN KENNEY: Yes, how many CDC projects a year that have been funded in the prior year that you have to review and determine whether or not they, in fact, hit their market or they didn't?

MS. McCOLLOCH: We have an ongoing relationship with the CDCs.

COUNCILMAN KENNEY: Is it done annually?

MS. McCOLLOCH: Well, the work for the CDCs is ongoing so, yes, it's continual.

COUNCILMAN KENNEY: So how many times

a year do you have to all sit down and figure out, you know, is this organization meeting its goals, can it meet its goals and should we continue to fund it at the level funding it at?

MS. McCOLLOCH: Well, meet internally with the Redevelopment Authority and OHCD. We have monthly status meetings regarding the status of projects. And at those meetings, if there was a recommendation from staff to eliminate or reduce funding, then we would analyze that.

COUNCILMAN KENNEY: And how often does that happen?

MS. McCOLLOCH: That there's a recommendation to eliminate?

COUNCILMAN KENNEY: A recommendation from staff to do that.

MS. McCOLLOCH: Not very often. None, last year.

COUNCILMAN KENNEY: Could you give me a little insight, Mjenzi, on the commercial side?

MR. TRAYLOR: Councilman, the process is very similar for Economic Development except that the review of proposals is done by staff at the Commerce Department. In other words, we have a Review Committee made up of staff people who review proposals that come in.

Prior to this Administration, we put in process -- it used to be that we had yearly submission dates for proposals, and we eliminated that. So proposals can now come into you us at any time. And one of the primary reasons that we did that was because very often if proposals -- if projects are not fulfilled, then it means that dollars are available that others could come in and apply for. So that's why we felt it would be more beneficial to the communities to have an open process.

We depend mostly on our program monitors to determine whether or not funding should continue or be cut off. And this is done basically by the measurements that they make on the scope of services that are contained in the contract.

COUNCILMAN KENNEY: And the main criteria is job creation? That's the projected -- I mean, projected number of jobs created is, from your testimony, I think, on the 108 loans, but I assume on all loans and grants, it's job creation that's the issue.

MR. TRAYLOR: Job creation and also the kinds of projects that will bring benefits, i.e., goods and services to low- and moderate-income residents.

COUNCILMAN KENNEY: And what is the process to quantify or to determine whether or not those benchmarks, those goals have been hit or met, similar to my line of questioning with the CDCs?

MR. TRAYLOR: We require that specific numbers be reported back to us from -- let's say, for instance, we're talking about loan programs, from PCDC and from PIDC. And these reports are available if you --

COUNCILMAN KENNEY: Do we have any idea what numbers of jobs that were created through this process over the last year or two?

MR. TRAYLOR: Well, there is one report that I'm familiar with that PIDC has prepared. We can at least deal with those numbers, and then, if you will, Bob Fina, Senior Vice President is here.

COUNCILMAN KENNEY: Thank you.

(Witness comes forward.)

MR. FINA: Good afternoon.

COUNCILMAN KENNEY: Good afternoon.

MR. FINA: My name is Robert Fina. I am Senior Vice President of the Philadelphia Industrial Development Corporation, generally known as PIDC.

PIDC tracks jobs for all 28 of our loan programs. Most of those loan programs are funded through the federal government but also through the state government, the City and even the regional authority here in the area.

COUNCILMAN KENNEY: So you're monitoring contractor for the City's economic -- the City's Commerce Department?

MR. FINA: For every loan program that we administer, Councilman, yes.

When I have information going back to 19 -- excuse me. Information going back to April 1, 1978 through 12/31/01 for CDBG-funded programs, as well as I have that information by Council District and also I have that information by Council District for all the loan programs that we administer.

COUNCILMAN KENNEY: And how many jobs were created during that period of time?

I know you weren't prepared to answer this so...

MR. FINA: During that period of time, in CDBG-funded, the number of jobs created were 13,817 jobs.

COUNCILMAN KENNEY: How do we determine who receives those jobs? Do we track the demographics of those individuals who are employed as a result of that investment?

MR. FINA: We track --

COUNCILMAN KENNEY: The raw numbers, fine. It's just kind of how does that 13,000 impact Philadelphia neighborhoods? How do we determine where these people are coming from, whether they come from high unemployment areas, whether they're all in the City? I mean, how do we --

MR. FINA: It's a fair question but a the difficult one to respond to, Councilman. We track by total jobs and low-income jobs for CDBG-funded programs. We track also by the types of jobs that are created.

COUNCILMAN KENNEY: Give us some of the categories of the types of jobs that are created.

MR. FINA: There will be clerical worker, there will be unskilled. In the hotel, an example, unskilled worker, so we'll know those type of jobs, Councilman.

COUNCILMAN KENNEY: But we do have the demographic information available, or we don't?

MR. FINA: We do not have demographic information beyond that available.

COUNCILMAN KENNEY: Is there a way to obtain that?

I assume that people who have obtained the loan report back as to the number of jobs created. Is there some way that that can be verified as far as both the actual number and where these people happen to live or what they were doing before they were employed, whether they were employed at all?

MR. FINA: I certainly assume that that information can be requested, Councilman. I'm not sure whether it's legal to demand that information be provided from the employee. They have certain constitutional rights that we'd have to be careful that we don't violate.

COUNCILMAN KENNEY: On construction projects that, for example, that we've dealt with here, we receive ongoing information from, I think, Urban Affairs Coalition on the number of jobs, basically the zip codes of where the people live. So it's not -- and they're being asked for from private employers like Philadelphia Eagles, so it's not they don't seem to mind providing it. I'm just wondering why --

MR. FINA: Councilman, I agree. We certainly request that information and we may have requested it. I don't have a job reporting form with me so I can't tell you exactly what it is. I'll certainly supply that to you what we use. And certainly we could expand that and request for more information.

COUNCILMAN KENNEY: Thank you. I appreciate that.

Madam Chair, I may not get back around again. My only concern relative to the approval of the $65 million we're going to spend, with all due respect to the witnesses, I basically have three and a half pages of information and would really like to have a little bit more than we've been given relative to finally approving the expenditure of these funds. I know that staff has attended and there's been some briefings that staff attended, but the information that's been provided to me through staff is not that sufficient. And I think three and a half pages on a $65 million approval seems to be a little bit lacking. So I would suggest that we try to research a little bit more information and see what we can get.

MS. SMITH: We've submitted the program statement, which is the big book. I also brought extra copies with me today in the event, you know, Councilmembers didn't bring their copies with them. I think Darwin has them.

COUNCILMAN KENNEY: They've been reviewed by staff. I still -- from this particular Councilperson's perspective, I think there's additional information that needs to be forthcoming prior to this approval, just for my position on this record. Thank you

COUNCILWOMAN BLACKWELL: Certainly,

we have tried to meet with everybody in this regard. If there are -- are you referring, Councilman, to the questions you just raised?

COUNCILMAN KENNEY: Those questions and others. Basically issues relative to the agency streamline, the demolitions, what targeted neighborhoods? I mean, just what's going to happen, because I think a lot of people in this room have some concern over what's going to happen, when it's going to happen. And if we don't as their elected officials know it exactly, I can't expect that they would know it.

COUNCILWOMAN BLACKWELL: Well, we have tried to be available to everyone for weeks ever since this was advertised which is the reason why there was such a long period of time between the announcement of the hearing and actual hearing. If you would submit your questions, we'll try to have them answered.

COUNCILMAN KENNEY: Who should I submit them to, Madam Chair?

COUNCILWOMAN BLACKWELL: You can submit them to me and I'll make sure they get them. But it is our goal -- as you know, we recess on the 13th. It is our goal to try to report this bill out of committee, both aspects of it, CDBG and NTI. That is why spent so much time trying to talk with every office and solicit their questions so we could get responses. Certainly, all questions, we ask you get to the Chair and we will certainly make sure that they are distributed to all Members of the Committee. But at this point, we are not recommending that we hold up these hearings unless -- obviously, we will go with the majority of the Committee, but it is not our goal to hold up the whole CDBG Block Grant as well as NTI.

COUNCILMAN KENNEY: That's not my suggestion on the CDBG Block Grant. I voted -- this will be the 11th one I voted on. I still don't understand what it does, but I'll still vote for that one. It's the $65 million in the bond proceeds that I have concern about. And that's my concerned, and it may be reported out of this Committee and that may be the case. But I wanted the record to be clear that there's still questions I think need to be answered.

COUNCILWOMAN BLACKWELL: Thank you,

Councilman. We'll be glad to receive them. Councilman, are you finished with your questions?

COUNCILMAN KENNEY: (Nods head.)

COUNCILWOMAN BLACKWELL: Councilwoman Tasco? Does anyone else have questions before Councilwoman Tasco gets to her second go-around?

Councilman Nutter?

COUNCILMAN NUTTER: (Inaudible, off-mic.)

COUNCILWOMAN BLACKWELL: All right. Councilwoman Tasco.

COUNCILWOMAN TASCO: I wanted to get back to the Basic Systems Repair Program and the PHIL loan Program. It states that you're going to increase the PHIL loan program to $2 million. A number of -- I must say that last year was the first time I've ever heard of the PHIL loan Program. A lot of people in the community are not aware of that program. How do you adjust the program to meet the needs of a number of people who probably might not qualify for a loan to take away the grant money, which really people need? We have a lot of working poor in this City, and they live in communities where they're trying to maintain their home and these are some of the people who have fallen prey to the predatory lenders. How do you restructure or are you going to restructure the PHIL Loan Program to accommodate those people who have less-than-perfect credit?

MS. SMITH: There is, I think, three basic strategies that we are putting in place. One, with respect to the PHIL Loan Program, one of the most significant changes as a result of the refunding of that bond issue, adding some NTI dollars and the Community Development Block Grant dollars, we will be writing down interest rates that have historically been at 9.6 and I think 3 percent to two tiers; 3 percent and 5 percent. We believe because of lower interest rate, that can, again, become -- can reach a broader audience if in terms of the income that would be required to support that interest rate.

Second, you're right the PHIL Loan Program is a Title 1 insurance program and the person still has to have fairly good credit. What we would like to do is to begin to do more grant and loan assistance programs, in part to try to get out some of the issues raised by Council President Verna. An example of a grant loan assistance program, which leverage private dollars, which is a key principle of NTI is something like it's your turn. We do have a proposal before us. We haven't had an opportunity to review it, to look at beginning to replicate that concept into other neighborhoods. That was a grant and loan program, and the grant component was far more flexible than just the traditional Basic System Repair Program.

I think the thing to remember about our first use in NTI is that we do have to put in place the program delivery and the details of the specific program and the operational components of that.

Another thing that's happening is a part of the PHIL Loan Program, which was raised, I think, by Council on several occasions is the marketing component. And I'm proud to announce that the Redevelopment Authority's been working with, I believe it's PNC Bank's marketing department. Sometimes we're not very good at coming up with market. We're going to start placing ads in newspapers. They've been working on developing some of those ads for us as opposed to just sending out information in flyers so, again, we can reach more people. And then we're going to identify and try to find resources to do even paid media campaigns, so we plan to be much more aggressive on marketing.

One of the things I should note is that the 5 percent home improvement loan will not carry any income restriction. Before it was a 9 percent. That's very competitive and we think can reach, as we said, a very broad audience.

And then the third major strategy --

COUNCILWOMAN TASCO: Would the 3 percent require income?

MS. SMITH: The 3 percent is up to 115 percent which, for -- I think it's in the back of the book. That's a fairly -- I think it goes up to about 75,000 for a family of 4. We'll check the numbers. I know we have it in there for 120. But we also have been talking about, again, to do a targeting grant loan assistance program that we may even look at a 3 percent loan without income restrictions. Those are some of the principles that we've set forth in the program description. It's still the challenge of operationalizing is getting banks on board, and Herb Wetzel at the Redevelopment Authority and his staff has been leading that work.

The third part which I think is really very important is the development of what we call a subprime loan product or anti-predatory loan product. How do we make resources available for individuals who do have income but for a variety of reasons, may not have A credit, maybe because of a divorce or something that happened in their personal history and lives. We received and had been approached by a number of individuals who are interested in working with the City in developing such a product with the lending institutions.

What we did for Fiscal Year '03 is allocating resources so that we can develop a loan product in partnership with the private sector, because I really think lending institutions really have to be at the table with such a product and enough resources to do a pilot initiative in '03 so we can begin to get a sense of the demand and the need, so coming up with the demonstration piece. We're very much committed to crafting the City's role. Is it a loan guarantee role or if it's some other role, that type of detail still needs to be worked out.

It's my hope to work over the summer to craft an RFP to issue out to, you know, the various people interested in this issues to come forth with suggested proposals. We also think such a proposal should really speak to how this is marketed and other support services and tied into the City's other anti-predatory lending work.

As you know, we significantly with block grant dollars beefed up our anti-predatory counseling that we're doing. We're doing training. We received a designation as a Freddie Mac Don't Borrow Trouble Campaign. We'll be funding a hotline and a dedicated staff attorney to help address issues around predatory lending.

COUNCILWOMAN TASCO: What would be the difference in the $750,000 you have in the budget for anti-predatory loans and the PHIL Loan Program?

MS. SMITH: Well, the PHIL Loan is in a long-standing -- I believe it's been in operation for about 20 years at least. So we have a really good sense of the demand that have program. We do anticipate greater demand with the lower interest rates. So we have a history there. What we don't have in place is, you know, it takes time to create a program, to make sure it's operational to get the lending institutions involved as service providers and then we want to have a --

COUNCILWOMAN TASCO: Well, Who runs the PHIL Loan Program?

MS. SMITH: I'll have Herb Wetzel talk in detail about how the PHIL Loan Program operates. We do not run it directly. We actually work --

COUNCILWOMAN TASCO: You work with the banks?

MS. SMITH: Yes.

(Witness comes forward.)

MR. WETZEL: Good afternoon, good afternoon. My name is Herbert Wetzel, I'm Executive Director of the Philadelphia

Redevelopment Authority.

The PHIL Loan Program was created in 1982, and it operates under the following premises: The Redevelopment Authority issues bonds, private-activity bonds to raise the money to purchase -- to purchase these loans that are originated by private banks.

Obviously, at the beginning of the program, there were 18 banks that were involved because that was a time when we had the GSBs and the other banks that just no any longer exist here in Philadelphia as a result of mergers and acquisitions. We're down to three banks right now that originate these loans, PNC; we're negotiating with Citizens Bank because they took over the melon operations; and we're working with Fleet Bank at this point in time. What.

Happens is, in order to sell the bonds and raise the money to purchase these loans, there has to be security for the bondholders and what has become security for the bondholders is the FHA insurance. We sign an agreement with the bank that if the loan goes bad, the bank has to buy the loan back from us. So when they originate the loan, we purchase it from the bank, we hold it; and if it goes bad, the bank has to repurchase the loan. The only way the banks have been willing to participate in that kind of lending program is if it's an FHA insured program. In other words, they have to have an insurance policy backing up the loan that they make under the PHIL Loan program.

The unfortunate side of that is what comes along with the FHA insurance is FHA underwriting guidelines, and those guidelines are more restrictive on someone's credits than a bank might be willing to do on its own.

So what the banks operate under is essentially they are underwriting these loans under FHA guidelines and they have to meet those guidelines.

I think what Pat is talking about is working with banks and others to create a product outside of that framework because of the limitations on this.

And just to go back to it, why FHA? It is the security that the bondholders receive when we sell the bonds. They know we're buying these mortgages, they know they're insured, and it keeps our bond rating much lower. But I think with a we want to do is look for a way to create a product that competes with the subprime lenders. That means if you've got one or two nicks on your credit report, you shouldn't be knocked out of a program. And I think that's what we want to focus on over the next six months, to figure out how we create a subprime product to compete with the subprime lenders that are doing predatory lending.

COUNCILWOMAN TASCO: Well, we pulled the banks together. Of course, during course of predatory lending discussion, they offered to find a way to offer products to consumers that would keep them away from the predatory lenders. They have coming together under the auspices of the Greater Philadelphia Urban Affairs Coalition to put together a program to provide these products. And we're interested in seeing that that project, since they have offered it, there's a mechanism, they have some history with the PHIL Loan program, that we pursue that. And I understand Pat's concern that she wants to put an RFP out, but who else would respond other than the banks? I don't want to see some of these subprime lenders who were preying on our citizens all of a sudden think that they've cleaned up their act and come in and say, "Well, we now qualify to run these programs, involved with these programs.

MR. WETZEL: We've been working with the Urban Affairs Coalition. We've had several meetings with them. We're continuing to pursue that avenue. I would say that PNC is one of the leading entities in here. I think Citizen Bank wants to show itself as a new player in town as someone who's sensitive to these issues. I think we have a real opportunity to move forward in this areas with the responses that we're receiving from the banks. And I think what we want to do is think of ways to, you know, expand the pie in this particular case. You know, we have a couple of banks, and the ones you mentioned are interested, but we want to make sure we have enough product out there to meet the demands.

And just one last comment is that PHIL Loan this year topped $60 million in lending since its inception and many of these loans have been paid off because our outstanding loans is only $11 million, so has produced $60 million worth of lending and many of those loans have been paid off. In a number of cases people, have borrowed PHIL Loans two or three times. They borrowed 33,000 to fix the roof, 3500 maybe five years later to put a new heater in. It's real interesting that some people are borrowing like 2 or 3,000, pay it off, and then make another improvement on their house. And I think the fact that we've lowered the interest rate to persons up to 115 percent of median bodes very well in the areas where you may want to -- we're competing with suburban product in some cases. And so if a Realtor can say, you know, If you buy this house, I know you don't like the kitchen or the bathroom, but if you buy this house in Philadelphia, you have enough income to be able to borrow money to modernize the kitchen and bath at 3 percent interest rate. I think it's a really great product that will help us and our

Realtors compete with the suburban market.
COUNCILWOMAN TASCO: Well, Have the banks come up with a product yet that they have put up on the table? It's still in the discussion stage?
MR. WETZEL: Not have put a formal product on the table yet.
COUNCILWOMAN TASCO: So What would the $750,000 buy that's in this budget?
MS. SMITH: Once we get a specific proposal with a loan product, I wanted to use that to fund a demonstration project to get something rolling so we would have resource approved by City Council to get a demonstration product and program up and running.
COUNCILWOMAN TASCO: And that's just the Year 2003.
MS. SMITH: For '03 only.
COUNCILWOMAN TASCO: So you're putting up $750,000 to be used as --
MS. SMITH: To kick it off.
COUNCILWOMAN TASCO: To kick off the product if they come up with something like that?
MS. SMITH: Yes, mm-hmm.

COUNCILWOMAN TASCO: Suppose the program requires more. Is there flexibility in the budget to provide additional dollars?

MS. SMITH: What we would do, we'd come back to City Council with a recommendation to expand the program. We'll have the detail, you know, greater detail on the product. Under the ordinance that was passed by City Council, any changes to the budget mid-year has to be approved by City Council by resolution. So the Administration would come back to Council, submit a resolution and say -- to seek the increase in the amount, you know, to specify the terms and conditions under which the program would operate, particularly for the ones that are in the design stage.

COUNCILWOMAN TASCO: Well, it seems to me that the prime banks, PNC being the lead bank and all of the other banks you mentioned, Sovereign, they're all at the table. I'm very concerned that we look at other sub-prime lenders that have been the preyers, and I really don't want to see them involved in this process at all.

(Applause.)

MS. SMITH: We would structure an RFP or expression of interest --

COUNCILWOMAN TASCO: Who would be interested?

MS. SMITH: I think the question might be, does one bank want to come by itself and create its own product or do the banks want to create a consortium and submit a product. And we get different, you know, expression of interest. There are some who are interested in doing something and maybe going it alone. There are others who may want to do a consortium or maybe would have both.

For example, even in the PHIL Loan Program, there's different approaches that each one of the banks want to take with respect to that. And I thought this could be a process which kind of clearly helps us to line up apples to apples or oranges to oranges so that we would know.

COUNCILWOMAN TASCO: Thank you.

The Chair had to leave the table for a moment.

The Chair recognizes Councilman

Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair. I just have some preliminary questions that I'd like to ask and then some more detailed questions to follow.

First, what are the benchmarks of success for both NTI Program and the CDBG program at this point?

MS. SMITH: In the Five-Year Plan that was included in the NTI component of the Five-Year Financial Plan, we talk about specific production goals related NTI and that we, of course, have talked about.

COUNCILMAN NUTTER: You're talking about this document here?

MS. SMITH: One for the Fiscal Year '03, we specifically speak to '03. But for overarching, we talk about that over a five-year, you know, that period that we've taken care of, you know, all of the dangerous buildings which is currently about 7500 and anticipating that so many buildings become dangerous each year. So one outcome would be, you know, we haven't gotten haste curb in terms of the elimination of dangerous buildings. We talk about the stabilization of properties and the acquisition in getting those properties back onto private market, and there we set a production goal of, I believe, about 2500 over five years, The first year being approximately 350 in terms of specific vacant property stabilizations. We've talked about either directly or facilitating, you know, the creation of 1600 housing units or rehabbed improved units of housing broken out between preservation investments. And this is some of the language that was originally included in what call our five-year action plan.

COUNCILMAN NUTTER: Let me make sure we're working from the base of knowledge. Clearly, you know more about this than I do. Are you talking about Page 6 of 35 in the larger document; is that what you're talking about? Five-year estimated summary NTI Program budget?

MS. SMITH: That's the program budget. When I was talking about the five-year overarching production goals, it goes back to what we call the NTI strategic action plan, you know, the strategy for growth and investment that we shared with City Council as part of --

COUNCILMAN NUTTER: That's not a part of this document?

MS. SMITH: I can make that available. It's a 15-page document. It's available on the Website for the City at this point in time, and we talk about those overarching objectives over five years. This document then speaks in detail as to Fiscal Year '03's production goals and objectives.

COUNCILMAN NUTTER: I think I understand that, and clearly, you've laid out what things you expect to takes place. I mean, is that -- if do you those things, is that then the definition of success for the NTI Program and the CDBG Program?

MS. SMITH: When you say "definition of success" --

COUNCILMAN NUTTER: What are we trying to accomplish here?

MS. SMITH: I think we're trying to accomplish using the NTI resources, as we call it predevelopment funds, to accomplish, you know, changing not only the physical look of our neighborhoods because of the -- and eliminating those dangerous and blighting condition, but also beginning to prevent the encroachment of blight into more healthy and stable neighborhoods. So success for me will be to eliminate those blighting conditions and preventing the encroachment of blight as well as beginning to attract new resources into neighborhoods for a variety of activities.

COUNCILMAN NUTTER: Now, what is it that we're going to do that's going to help prevents future blight?

MS. SMITH: Well, again, as you know, particularly when we talk about blight elimination, we focus NTI on four aspects of physical blight, dangerous buildings, we focused on debris-filled lots, we focussed on abandoned cars, graffiti, and then we also talk about things that impact the quality of life in neighborhoods. So looking at those conditions, I think an example of success was not only removing, you know, the large number of backlog of abandoned cars off the streets in a short period of time, but then making sure that government had realigned itself and it continues to take abandoned cars off in a reasonable period of time.

To me, success will also be not only during the initial cleanup of those lots, but beginning to assemble the land and market that and causing redevelopment. And to the extent that there is an immediate redevelopment opportunity, that we begin to engage residents in this government's partnership around, you know, interim uses for that land.

COUNCILMAN NUTTER: Well, let me ask this question. And, I mean, this is certainly not for an esoteric or even a lofty discussion. Do you think that we've -- let's go back to the abandoned car example which everyone agrees, and I certainly agree, was a significant start to turning things around in the City.

Now, have we eliminated the abandoned car problem or have we just changed the system to allow to us get the cars off the street sooner?

MS. SMITH: A lot of issues that confront, I think, our neighborhoods, you know, what we might call the root causes also involve other things outside of the City's immediate control. I mean, I understand with abandoned cars, it may be the high cost of insurance and people, you know, buying disposable cars and things of that nature. And some may argue that if you do not address the root cause, you know, are you getting at the problem? But I think when we look at -- maybe to the health sector, I mean, I think it's acknowledged that sometimes when you have a disease that may not at this point be curable that it is prudent and appropriates to address the symptoms and to keep the patient, to the extent possible, free of pain while you work towards a cure.

So I think a lot of our issues, you know, we talk about NTI being a long-term vision. We talk about the fact that what we see in our neighborhoods represent what I say is a changed economy and some very, you know, fundamental things going on. Some things which, you know, government can, you know, position itself to address, other things which city government alone cannot do, you need the resources of the federal government or the state government, but also the private sector. You know, things, as I think Councilman Cohen mentioned when he talked about the supermarkets. It's not only government that can drive that decision about where supermarket relocates, it's also a business decision.

So, again, NTI, we have characterized as a predevelopment strategy, as a strategy to ready ourselves so that we are more competitive in terms of our neighborhoods and communities.

COUNCILMAN NUTTER: I don't want to belabor the point, but I would like to go back to the first or more recent question. What I have asked is, have we solved the abandoned car problem or did we develop a system that allows us to respond to it quicker and get the cars off the street? There is a difference in how you determine what your success is.

MS. SMITH: Mm-hmm.

COUNCILMAN NUTTER: Now, are people abandoning cars at the same rate? Are people going to abandon their homes at the same rate and are we just respond to the abandonment quicker; or are we, in fact, going to actually prevent it? That's my question. You can use either example in terms of your response.

MS. SMITH: Right now I cannot say unequivocally that we have solved the root causes of what makes lead people to abandon cars.

COUNCILMAN NUTTER: Okay.

MS. SMITH: You know we have not solved the root cause of what may lead to abandonment in neighborhoods and vacancy in neighborhoods.

COUNCILMAN NUTTER: So right there, that's point of the question.

MS. SMITH: So we are addressing the symptoms of that cause. I think, though, it's important to address the symptoms because if you don't do that, it tends to get worse and spiral out of control.

COUNCILMAN NUTTER: Okay.

MS. SMITH: There others who -- and that's not my focus, who are looking at some of the root cause issues around some of our issues when it comes to abandonment is increasingly becoming an issue that's on national agendas, you know for the think tanks and policy people and a lot of people are looking to Philadelphia and seeing the type of work that we're doing as groundbreaking.

COUNCILMAN NUTTER: And I understand that and I appreciate that. But as you well know, kind of here on the ground, we also don't really have the opportunity to spend much time in the think tank world. So now I'm going to ask you about abandoned properties. What is it that we're going to do to stem the flow or the activity in terms of abandonment? What is it in the program that's going to cause that to slow down or possibly eliminate it.

MS. SMITH: I think there's a couple of things in terms of our program. For example, looking at trying to get a hold of a property before, you know, like, it deteriorates to the point, you know, stabilizing that property, getting title and getting it back into a productive homeowner's hand. That doesn't stop -- you know, a lot of times abandonment may be due to the death of a person and its tangled titles, that type of thing.

COUNCILMAN NUTTER: I understand. How long does it take to acquire a property now?

MS. SMITH: Do you want to talk a little bit about that?

MR. WETZEL: If it's inside an urban renewal area, between nine and twelve months. If it's an Act 94 --

COUNCILMAN NUTTER: Let's say outside of an urban renewal area.

MR. WETZEL: If it's an Act 94, it's somewhere in that same timetable, but the problems we have had, as I've testified before on Act 94 is, it has to be under the current law vacant and we can start the condemnation process and then go around and find out somebody's occupying it maybe even illegally, but they're occupying it. We have to stop.

COUNCILMAN NUTTER: Now, you use Act 94 in the non-urban renewal area; is that what you're doing?

MR. WETZEL: Yes.

COUNCILMAN NUTTER: So what did you say, it takes how long?

MR. WETZEL: Around nine to twelve months from the date it is funded till the property is available for reuse.

COUNCILMAN NUTTER: And how long does it take usually to get funded?

MR. WETZEL: It all depends if the money -- I mean, one of the good things with NTI is we actually have the funding in place to move forward on these, and I think that's a dramatic change and a very positive change that if you look at this budget, there's $11 million for allocated for acquisitions. And I think that makes a big difference. So when the decision is made to acquire, we can immediately move on it.

The last one the City has relied on sheriff's sale as a means of acquiring properties, but that has been two, three, four years in the making sometimes. I'm sure you all have constituents who have asked for a vacant lot through the sheriff's sale system. And I think what we're very, very clear on is that the State has given under the redevelopment laws of this state tremendous power to eliminate blight in urban renewal areas and in some cases we're going to have to expand them to use that power in order to eliminate blight. It is the swiftest, surest methodology of gaining title to properties.

COUNCILMAN NUTTER: Which one is?

MR. WETZEL: Urban renewal. Strictly urban renewal within an urban renewal area. There are issues with Act 94. We've got a legislative proposal in Harrisburg to both streamline it and minimize the issues that have been problematic with Act 94.

COUNCILMAN NUTTER: What is the status of that legislation?

MR. WETZEL: It was sent over to the Governor's Office for review and comment. It's both in the House and Senate Urban Affairs Committee and tentatively there was to be hearings scheduled June 3rd on it. I cannot confirm whether that is still on or not at this point in time.

COUNCILMAN NUTTER: Do you know the bill numbers of those respective bills?

MR. WETZEL: I will find out whether they've been assigned. I will get them for you.

COUNCILMAN NUTTER: Now, what happens in areas that don't have the urban renewal designation? And in many instances some of those neighborhoods probably will not have an urban renewal designation. What are you going to do in those neighborhoods?

MR. WETZEL: We'll continue to use Act 94. And I think one of the things, if we can get this legislative change, it will probably knock two months off of the process. Under the current Act 94, it requires the Department of Licenses and Inspections to cite the property as a public nuisance, to issue notices to the owners, the owners have a cure period, they also have a right to appeal to an L&I Review Board. That all stretches it out. I think one of the legislative changes that we've asked for is, A, a definition of abandonment which is essentially if has a vacant lot and has a demolition lien on it, it has therefore been abandon by the owner. Or if the municipal liens exceed the fair-market value by 150 percent, it is effectively economically obsolete and therefore abandon. Under that change, it would not require any involvement of L&I. It would require the certification by the Revenue Department of the particular liens that are on the property, verification of that certification by the

Planning Commission, a VPRC vote, and we could proceed to condemn a property, saving the relatively 60 days plus that the L&I process takes right now.

COUNCILMAN NUTTER: Mr. Wetzel, including your time as -- you were Deputy Director before coming Director; is that correct?

MR. WETZEL: That is correct.

COUNCILMAN NUTTER: How long have you been talking about these proposed changes in state legislation?

MR. WETZEL: I think I've been talking about them since I came to the Redevelopment Authority.

COUNCILMAN NUTTER: When was that?

MR. WETZEL: 1993. But I think it was this Administration that essentially said, Let's move agenda forward, let's put the full force of the Administration behind this and get it done.

I was talking about them because I was on the other end of the system in which trying to do developments where some properties would come from sheriff's sale, some from VPRC, some from Act 94. It was a very difficult process, and so having been on the receiving end of it have made me an advocate inside the Administration, but it wasn't on the radar of the previous Administration, but it certainly is on the radar of this Administration and I feel very good about the support I've gotten to move this legislation forward.

COUNCILMAN NUTTER: And the particular legislation you're talking about, how long has that been up in Harrisburg?

MR. WETZEL: It's been up in Harrisburg I think latter part of December. We've worked with State Representative Bill Keller who's been a real champion of this, and the City's lobbyists and Bill Keller have worked very diligently to move that ahead this spring.

COUNCILMAN NUTTER: Miss Smith, when do you expect development or revitalization to start in the various neighborhoods?

MS. SMITH: I think each neighborhood, you know, vary from place to place, and it would depend upon the type of redevelopment activity or preservation activity that's contemplated. For example, you know, we think once we have much more land in place, we will be in a better position to proactively market larger parcels for redevelopment to interested private parties.

COUNCILMAN NUTTER: Where are some of these large parcels that you plan to assemble?

MS. SMITH: I think if you looked in the notebook or as we talked about before, I think the highest concentration of vacant land and dangerous buildings in combination are probably in three or four Council districts. You know, Council District 5 is by large has overwhelming the largest amount of vacant and dangerous buildings and land. But also, I think in the third Council District in certain parts of it, the second and I think portions of -- and the 1st and the 7th are about equal.

COUNCILMAN NUTTER: And what do you anticipate happening in these areas?

MS. SMITH: I think first and foremost is we want to make sure that the development process is closely linked to community and neighborhood planning processes.

We've always said and the Administration is committed to that, you know, the vision of the community and housing and, you know, supermarkets and other types of activities, we need kind of like a baseline plan. And in some neighborhoods there are already existing plans in place. And so then it's just a question of putting in place and making sure resources can move those. Those are primarily neighborhoods which have historically been serviced by Community Development Corporations, so it's a question of, you know, the Planning Commission can talk in detail about that planning process. But in other neighborhoods, it's going to be creating in a planning process and census around from the ground up, so to speak. And there we play a support role and maybe a much more hands-on role.

COUNCILMAN NUTTER: Well, I mean, I can appreciate all that. But tell me over the course of the next year, year and a half, the first three places in the City that you expect to see development activity.

MS. SMITH: For example, some major development activity that will probably come to fruition would be activity because of the resources of Hope VI dollars like Mill Creek, the redesign and modernization of Tasker Homes. That's going to have some significant --

COUNCILMAN NUTTER: Aren't those PHA developments?

MS. SMITH: Yes.

COUNCILMAN NUTTER: What does that have to do with this?

MS. SMITH: But they're also bringing in some private resources and financing to go support that.

We also are looking -- have expressions of interests from CDCs in the east of Broad area around housing projects, some of which are funded out of the CDBG grant.

We've also -- the FannieMae Corporation is partnering with the universal communities to be a major driver redevelopment in southwest Center City. They are going to be playing a major role to bring private resources to play around a redevelopment agenda and a very targeted area over the next five years. Those are just some of the things that are just coming to mind on like large-scale redevelopment.

But I think what is important is how do we also do our preservation work in neighborhoods. For example, one of the things that is very important and one of the reasons why we are expanding our homeownership rehab program and want to reach out and engage the contractor community is that in neighborhoods where there is some vacancy but no CDC, there will now be a resource to get, you know, small contractors or for-profit contractors to do, you know, moderate rehab where you don't need large subsidies or new construction.

Again, the funding of programs around homeownership repair and improvement programs, we consider that -- and those will be in areas, you know, we've already funded some work in West Oak Lane. We're going to see how that's moving. How do we replicate those kind of leverage resources, grant loan programs using a variety of resources.

COUNCILMAN NUTTER: All right, I'd like to come back do that.

When will the demolition and encapsulation work begin?

MS. SMITH: Well, as you know, we've been meeting with a variety of District Councilpeople to figure out the target areas. Then once we've done that, we deploy -- and there's a schedule, a preliminary schedule that was included in the program statement by Council District which was our estimation critical to --
COUNCILMAN NUTTER: Is that one in the back?
MS. SMITH: It's in the appendix section.
COUNCILMAN NUTTER: Last page?
MS. SMITH: I don't think it's a numbered page.
COUNCILMAN NUTTER: Page 1 of 1, it's the last page, are you talking about? Attachment 5?
MS. SMITH: Yes, Attachment 5.
COUNCILMAN NUTTER: That's the vacant property stabilization?
MS. SMITH: That was with stabilization. There's also one, I think Attachment 3, yeah, attachment 3 is the residential demolition schedule.

Critical to that, which is not reflected in that is the time periods for review and approval by the District Councilperson. We've already started some field inspections. We've meeting with Councilpersons around identifying their priority areas for Year 1. You know, we've had conversations with your staff, I believe, as well as other staff persons, so that's ongoing work.

COUNCILMAN NUTTER: So you're anticipating the first bid package...

Are you expecting the first bid package to be opened on August 21, '02?

MS. SMITH: Again, our schedule has slipped a little bit from that.

COUNCILMAN NUTTER: I understand that. I just want to make sure, am I reading the right document.

MS. SMITH: Those were projected dates. What's not reflected and what I've asked the staff people to do is to incorporate a timeline that indicates the amount of time for Council review. The process of reviewing and selecting properties and getting that sign-off has taken longer than we initially anticipated.

COUNCILMAN NUTTER: So do you anticipate updating the schedule.

MS. SMITH: Yes, we would need to update. But, again, there are variables that are not in our direct control and that's the process of review by the District Councilperson and their sign-off and any identification of the priority areas as required by the legislation.

COUNCILMAN NUTTER: Well, have you provided the list of the actual properties either for demolitions or encapsulation?

MS. SMITH: As you know, what we're doing is we meet with each District Councilperson or their staff.

COUNCILMAN NUTTER: I got that part.

MS. SMITH: We begin to identify what's going to be the target priority area.

COUNCILMAN NUTTER: Right.

MS. SMITH: Once that's done, then we deploy inspectors to go out and reinspect because things aren't stagnant, that new inspection is critical. Then we develop a list of properties based on that inspection. We sit down with the

District Councilperson and other members of government and kind of vet that list and then come up with what makes a reasonable bid package. I mean, that's a quick and dirty kind of interim steps.

COUNCILMAN NUTTER: I've got that. Let me make sure I understand the longer answer to my question.

MS. SMITH: Once we agreed on the property address, we create the bid package and submit the property addresses along with -- at the same time, since we're looking at the neighborhood, we begin to identify are there any other acquisition needs, what's going to be stabilized, and then transmit to the Councilperson an approval form that outlines that and also shares it with all other agencies.

COUNCILMAN NUTTER: Have you provided any list of properties for demolition or encapsulization?

MS. SMITH: Just in what call the prototype area. We've begun to look at about -- I don't know the exact number, but identified properties in the 5th Councilmatic District and just received the sign-off from the District Councilperson, I think about a month ago. And so we're in the process of putting that bid package together and it's our objective to actually advertise the bid, I believe, the first week of June.

COUNCILMAN NUTTER: So you --

MS. SMITH: And in other Council areas we started doing the inspections, so forth and so on.

COUNCILMAN NUTTER: Just so I understand and kind of a recap, the only list that you put together is a list of properties for demolition in the 5th District; is that correct?

MS. SMITH: Right. And the prototype package where we've gotten the approval of City Council, until that's signed off on, it's not, you know, final. We've also begun to have community meetings reviewing which properties we were recommending, talking about why, showing pictures.

COUNCILMAN NUTTER: When will the demolition start?

MS. SMITH: Again, we advertise next

week. I believe we're allocating about three or four weeks before for a response from the contracting community. Then it takes another three or four weeks to review that. I mean, there's established procurement process.

COUNCILMAN NUTTER: Mm-hmm.

MS. SMITH: Because it's being bid as a procurement contract.

COUNCILMAN NUTTER: And When do you think I'll have a list for the 4th?

MS. SMITH: Well, that again, I know what we've been doing. And correct me. I believe we sat down, began to identify our target area.

COUNCILMAN NUTTER: Yes, we did have a meeting.

MS. SMITH: Personally, I haven't been involved in that, but that target area has been finalized, I thought it was still in the process of some discussions going back and forth.

COUNCILMAN NUTTER: Well, I don't know whether it's been finalized because they never got back to me.

MS. SMITH: Well, it wasn't a list,

it's kind of like, you know, your district is very big, like all districts, and it's kind of like, what's the priority area.

COUNCILMAN NUTTER: We've pretty much figured that out.

MS. SMITH: I'll get back to you then to the next steps. I didn't realize --

COUNCILMAN NUTTER: So when are 15 demolitions, 60 encapsulations?

MS. SMITH: That's just the number of slots.

COUNCILMAN NUTTER: Right.

MS. SMITH: But once we identify target area, then, as we said, inspectors are deployed and so forth and so on.

COUNCILMAN NUTTER: So when is it going to happen?

MS. SMITH: I didn't realize that your target area has been signed off on.

COUNCILMAN NUTTER: I haven't signed off on it because I haven't seen it.

MS. SMITH: I thought that --

COUNCILMAN NUTTER: We had a meeting with Dana Flemming. We looked at a bunch of computer-generated pictures. We had a lot of discussion, very nice discussion, very nice people. They were supposed to get back to me with the details of it. I've not heard back from them.

MS. SMITH: I'll look into that. I can't answer that. I just wasn't involved in that meeting, but I will follow up on that.

COUNCILMAN NUTTER: Okay.

Let me also make sure I understand both the demolition chart and the encapsulation chart. This seems to indicate that the first bid opening -- and I understand that the schedule has slipped, but I want to make sure that I'm understanding this.

First bid opening was August 21, 2002. Notice to proceed September 12, 2002. Start the asbestos abatement September 30, 2002. Start the demolition October 14th. Complete the contract April 25th, '03. Is that --

MS. SMITH: Yes, that was the projected timeline at that point in time.

COUNCILMAN NUTTER: And you were going start this in the 10th Councilmatic

District?

MS. SMITH: Well, what we've been doing is we kind of looked at -- there are two Councilmatic Districts which have such a low number of total dangerous buildings and unsafe conditions, and some of them don't even require complete demolition, we thought it made sense to kind of get that done and over with because it was such a low number and just prioritize that. I think total may be somewhere of just dangerous buildings on our list may be less than 80 or something in that area. And then I don't have the -- I have to pull the list. And then we kind of are going, you know, by Council District. We've already started field inspections, I know. I believe the next one up was the 3rd District. And we also looked at the number of times --

COUNCILMAN NUTTER: It was the 10th, the 6th, the 3rd, the 8th, the 5th, the 5th, the 2nd, the 7th, the 1st, the 4th, the 9th and some of them repeat. So let me just make sure I understand the philosophy. I'm not making any comment about whether a dangerous building is more dangerous in one district versus another.

But the philosophy or the mindset here was to go to the areas that had the least number of dangerous buildings first?

MS. SMITH: No. We thought because most of the Council Districts have an extraordinary number that you can only do over multiple years, what we thought was that since the total number was 83 or some number like that in those two districts, we could get to them, knock 'em out and be kind of like done in that area. Whereas, in other districts because of the number and given the slots we have, you know, we programmed based on the number of dangerous conditions and how many times we would have to go back through that district to meet our 2000 production goal in Year 1. So that's, you know, basically how we came up with it.

COUNCILMAN NUTTER: Now, when will the plans for the various neighborhoods either start or be completed? Because you're going to do neighborhood planning, right?

MS. SMITH: Let me see if there's anyone from the Planning Commission. They can talk a little about that in more detail.

(Witness comes forward.)

MS. AILEY: Yes, good morning. My name is Victoria Mason Ailey and I'm here from the City Planning Commission.

COUNCILMAN NUTTER: Hi.

MS. AILEY: Good morning.

COUNCILMAN NUTTER: There was discussion earlier, and it's also in the CDBG final plan, about neighborhood planning process. And Miss Smith has certainly talked about neighborhood plans, and I think the front part of the book here, kind of some of the centerpiece of NTI is around -- it says Item No. 1, use planning as an investment tool. So I want to do talk about plans and where these various plans are and how they are guiding our work or how we're using them as an investment tool.

Now we're planning to demolish a whole host of buildings. Certainly, many of them need to come down. But are the plans in the neighborhoods complete before we do the work or they will be completed after we do all of the demolition?

MS. AILEY: In some instances, plans

are complete. In some instances they have not been developed.

COUNCILMAN NUTTER: Where are they complete and where are they not developed?

MS. AILEY: As I'm looking through the book, I just want to point out that the Planning Commission staff tried to build on existing plans as the foundation for our focus for Year 1.

COUNCILMAN NUTTER: Mm-hmm.

MS. AILEY: If you look at the appendix, I think the Community Planning Section.

COUNCILMAN NUTTER: Which appendix is that?

MS. AILEY: Just a moment.

COUNCILMAN NUTTER: Is that the one with all the maps?

MS. AILEY: Yes.

COUNCILMAN NUTTER: How about Attachment 2, Community Planning?

MS. AILEY: Yes.

COUNCILMAN NUTTER: Okay. And then there's a list of 25?

MS. AILEY: Right. You will see a

list of -- actually, there are 28 areas. There are 25 neighborhood areas and 3 corridors.

COUNCILMAN NUTTER: Right.

MS. AILEY: Some of these areas have neighborhoods plans. For example, the second corridor, Lancaster Avenue is an example, I think, in your area, Councilman, that has a plan that will serve as the basis for the work that the Planning Commission will move forward with.

COUNCILMAN NUTTER: Okay. What are you going to use for West Philadelphia?

MS. AILEY: West Philadelphia, let's see. Any particular section of West Philadelphia or are you talking generally?

COUNCILMAN NUTTER: Well, generally the part of West Philadelphia that I represent, although I'm sure Councilwoman Blackwell is concerned about West Philadelphia as well, it's a fairly large area in the City to the west of us.

MS. AILEY: Right. Well, we have identified, again, sections of West Philadelphia that will be the area of focus for Year 1. Mantua is one of those areas.

COUNCILMAN NUTTER: Mm-hmm.

MS. AILEY: The West Powelton is another area. Let's see, Wynnefield and West Parkside are some other areas that we've identified and also discussed closely with you and the other Councilmembers to ensure that we were zeroing in on the areas that were of greatest interest to you as well.

COUNCILMAN NUTTER: Well, you know, I have many wonderful areas, and as the parents say, you know I love all of my children equally. So I'm not only concerned about Wynnefield and West Parkside. I understand that they're on here because there are either plans in existence or we plan to do something, but you generally don't want to tell a person in West Parkside or in Wynnefield that they live in West Philadelphia. It's just kind of a little West Philadelphia thing. There are other areas of West Philadelphia to the south of these neighborhoods that were actually a part of a Planning Commission document which was called the Plan for West Philadelphia so. So what I'm trying to understand is in this framework, as we call it, where does the rest of West Philadelphia fit in because it's not listed in the other 25 areas. Kingsessing and West Shore are either in Councilwoman's Blackwell's district or Council President Verna's district. Mantua is clearly and West Powelton and Sanders Park are in West Philadelphia, but not in the areas that I represent. So what I want to know is what parts of the West Philadelphia plan and when will they be listed in this document as planning areas that already have plans established. This is a document done by the Planning Commission?

MS. AILEY: Correct. Again, the areas that are referenced in this document represent those areas of focus for Year 1 of the --

COUNCILMAN NUTTER: Now, who decided that?

MS. AILEY: These were, again, areas that were recommended by Planning Commission staff after careful internal consultation, and then they were presented to each Councilperson and discussed at length with each Councilperson.

COUNCILMAN NUTTER: That these areas would be on this list?

MS. AILEY: Correct, for Year 1.

COUNCILMAN NUTTER: Well, the last time this issue was raised, I actually had this same discussion, I believe, with Director Griffith. I've not seen any adjustment to this because we had this whole West Philadelphia discussion a couple months ago.

MS. AILEY: Okay. I'll make a note of that and I'll have to get back to you on that particular item. I know we made adjustments in the boundaries to several sections of the areas that were identified within your district. But with regard to what you're speaking, I will have to follow up and get back to you on.

COUNCILMAN NUTTER: The adjustment you made was that Wynnefield and West Parkside would be done together as one area. That does not comprise the totality of West Philadelphia on the north side of Market Street west of 54th Street.

MS. AILEY: Correct.

COUNCILMAN NUTTER: What I want to know is what's going to happen or what is the plan for those areas? Are you going to use the plan that the Planning Commission developed back in 1994 --

MS. AILEY: Yes.

COUNCILMAN NUTTER: -- or are you going to develop a new plan since the area that has the highest concentration of either vacant or derelict or dangerous properties in the portion of West Philadelphia that I represent? Yet there is no plan here to deal with that.

MS. AILEY: Clearly, where a plan exists and where a plan has been developed in consultation with the staff of the Planning Commission, it will be used as a guide and will serve as a road map for traditional planning activities. Just because an area is not listed in the document does not mean that the planning activities in the normal since will not continue. And so that information or that -- those existing documents should serve as a guide.

COUNCILMAN NUTTER: Okay. Well, I appreciate that. But with every respect to you, knowing this process a little bit, generally, you'd rather be on the list than not on the list.

MS. AILEY: Understood, understood.

COUNCILMAN NUTTER: That helps to ensure that something might actually happen.

MS. AILEY: Understood.

COUNCILMAN NUTTER: So you're going to get back to me on that?

MS. AILEY: Yes, I will.

COUNCILMAN NUTTER: Okay, thank you.

Let me talk a little bit about -- there's a provision -- Ms. Smith, I'm sorry, I don't want to keep calling this the big book. What are we referring to go this document as?

MS. SMITH: The language that is included in the authorizing legislation is the Annual Program Statement and Budget.

COUNCILMAN NUTTER: Okay. In the Program Statement and Budget book on -- I haven't gotten this down completely, Pat. On Page 22, West Philadelphia Empowerment Zone, what is the $1.2 million for?

MS. SMITH: That represents resources by the -- one of the things that we indicated in the authorizing legislation that where there were other resources that were non-bond proceeds, we will provide information for informational purposes those other resources. These are traditional monies made available by the empowerment -- under the Empowerment Zones. That's the 1.2 is monies flowing through the West Philadelphia Financial Services Institution that services that Empowerment Zone.

COUNCILMAN NUTTER: I'm sorry. I have to admit you did totally confuse me. Is this NTI money going to the West Philadelphia Financial Services Institution?

MS. SMITH: No, it is not.

COUNCILMAN NUTTER: Or is this West Philadelphia Financial Services Institution's money --

MS. SMITH: It's Empowerment Zone -- yes, other funds. That's why it's under the heading "other funds."

COUNCILMAN NUTTER: Well, I got that.

MS. SMITH: What we made an effort -- this is not bond proceeds. What we were trying to do in response to the legislation that Council adopted was to provide for informational sake other resource that advance NTI-type goals and objectives.

COUNCILMAN NUTTER: Well, what's the $1.2 million for?

MS. SMITH: I will have to get back to you on the specifics of that. I will have Eva Gladstein put together the specifics of the 1.2 million.

COUNCILMAN NUTTER: Well, how did it get in here?

MS. SMITH: Basically, it reflects -- and I'm sorry, I just don't recall the level of detail. We were trying to gather up information from other departments as a part of this process. So I will definitely break out the specifics of it. We intended it just as a general description to show other resources that were available.

COUNCILMAN NUTTER: Okay. On Page 17, under land acquisitions, the program description says that you're going to acquire in FY '03, approximately 8,000 lots as a citywide average cost of $500 per lot plus direct expenses. And then later on in the same section, there's a reference made to another $500, although the total cost -- and I understand that 500 plus 500 does equal 1,000. And then in your budget detail, basically, it's $1,000 per lot. What's the first $500 for and what's the second $500 for and how much does it cost to acquire a property today?

MS. SMITH: For budgetary purpose, on average it's about $500 for a vacant lot based on past experience of the Redevelopment Authority. But what we also tend not to count sometimes is the what I call the hard cost that may be related to that. For example, the cost of getting title for reports and other types of things that you pay. So for budgetary purposes we allocated monies to cover both what would be the fair-market value of the lot plus additional expenses. That's why we in the budget use the thousand as opposed to 500.

COUNCILMAN NUTTER: And how do you plan to acquire these 8,000 lots and what are we going to do with them?

MS. SMITH: Again, this is -- Mr. Wetzel can come back and maybe talk a little bit more in detail. But as we've stressed that we thought in order to get ahead of the curve is to proactively begin to take in vacant land. You know, historically, the City has for the most part waited until there was a specific expression of interest to initiate the acquisition and then take it through that process and convey it out. We do want to begin the shift where take title to vacant land and begin to aggregate that title so that we can proactively market it, to begin banking it. And we were trying -- we were using -- and even though I remember Councilman Rizzo raised the question of demand-driven versus supply-driven, but we looked nationwide and found that when we use a supply-driven -- where there was land banking taking place, taking in title without regarding to whether or not there's an immediate redevelopment opportunity on the table, that over time, it enabled the City to really jump-start development activities.

COUNCILMAN NUTTER: I certainly understand strategically and I strongly encourage in that one case the Redevelopment Authority to pick up a very large piece of property that was, I think, strategically located that we would want to have it our inventory so as we could better control what was going to happen there. I do, again, at some level wonder what we're going to do with 8,000 lots. How many lots do we presently own?

MR. WETZEL: Of the 31,000 vacant lots that were identified in the previous survey, between the public entities about 10 percent of those public lots are publicly owned between PHA RDA and the City.

COUNCILMAN NUTTER: So we own about 3100 lots now soon to be 11.

MR. WETZEL: About 3100 lots.

COUNCILMAN NUTTER: Soon to be 11?

MR. WETZEL: That is correct.

COUNCILMAN NUTTER: Now, what are we going to do with all these lots?

MR. WETZEL: Well, I think what we're doing are the following things. Let me just give you an example in the Strawberry Mansion prototype.

COUNCILMAN NUTTER: It's a lot of lots.

MR. WETZEL: Well, I think it's really important to understand real estate development. And if somebody comes and wants to do development and we don't have title, we're a year away from getting title, at the best.

COUNCILMAN NUTTER: Let's go back to our earlier discussion. Now, these 8,000 lots, which are -- is this the same 8,000 -- can't be.

Let's go to Page 19. Estimated number of property acquisitions, I'm assuming that number must be 2000 since it's 2 million in the total costs. And on Page 18 you talk about the City expects to spend a total of $8 million on land acquisitions, $2 million on vacant lots tied to NTI's demolition activity, $1 million for side yards, and $5 million on acquisitions in designated acquisition zones in each Council District. Now, what is an acquisition zone?

MS. SMITH: For example, one of the challenges, I think, in some areas where we have lots of land and there's titles individually, I think a perfect example could be the lower part of the Logan triangle where even though there's been some development interest, we don't have title so the idea is to again identify where we already lots of lands.

COUNCILMAN NUTTER: So how are you

going to get title of these properties, and what's the methodology or what's the mechanism that you're going to use all over the City to get title of all of these properties, to assemble all this lands for all of this development activity?

MR. WETZEL: Well, if I follow up on Pat's mentioning of the Logan triangle area, we've worked with Councilwoman Tasco to create an urban renewal area specifically for the assembly of that land up in the Logan triangle. There are significant parts of City already covered by urban renewal areas. And as I mentioned before, we would continue to use Act 94 in non-urban renewal areas.

To give you an example of how this plays out in the Strawberry Mansion prototype, there's going to be a demolition of approximately 100 properties, yet there will be a land assembly activity of a little over 450 properties. And that's a result of previous years demolition and abandonment that has taken place in the neighborhood.

COUNCILMAN NUTTER: So are the other 300 presently vacant lots?

MR. WETZEL: That is correct.

COUNCILMAN NUTTER: Okay.

MR. WETZEL: And so what we're doing, because you're doing concentrated demolition, what we're doing then is saying, okay, you've made a policy decision --

COUNCILMAN NUTTER: I'm sorry, I don't mean to cut you off. The hundred properties, are they vacant or occupied?

MR. WETZEL: I think the majority of those are vacant properties. To my knowledge, most of those are vacant. I don't know if all of them are vacant.

COUNCILMAN NUTTER: Well, if you're telling me that the majority are vacant, then that means that some minority is occupied, right?

MR. WETZEL: There could be a small number that are occupied.

COUNCILMAN NUTTER: How many do you think are occupied?

MR. WETZEL: I do not know, but I can get back to you on that.

Do you know the answer to that?

MS. SMITH: I'm sorry. I didn't

catch the whole question.

COUNCILMAN NUTTER: Mr. Wetzel was continuing to emphasize to me that the majority of the hundred or so properties in the prototype area are vacant.

MS. SMITH: They're all vacant.

COUNCILMAN NUTTER: They're all vacant?

MS. SMITH: As a part of first bid package here.

COUNCILMAN NUTTER: All right. Great

MR. WETZEL: My apology. I didn't know that.

COUNCILMAN NUTTER: So what are you going to do?

MR. WETZEL: A couple of things from a managerial and policy perspective that I think are important here. One is, in the past demolish a property and we don't come back until somebody decides they want it years later. And then we go through the rigmarole that we've gone through. Every property that will be demolished will a simultaneous decision to acquire. So when in your district there's a decision to demolish X number of properties in a concentrated area, it's also a decision to acquire those lots that will result from the demolition. But what you do then is you begin to look what's surrounding the area that you're doing the demolition in, and there's probably significant amount of existing vacant lots in that particular area.

COUNCILMAN NUTTER: Okay.

MR. WETZEL: So while we're there, let's take in the properties, the land that results from demolition, let's take in the other vacant land and let's also take a look at if there any encapsulated properties in that target area. That's also a simultaneous decision to acquire so we can put them back out on the market. So when we go to an area, let's assemble all of the vacant land that's available, let's acquire any encapsulated properties, put them back on the market. Let's begin to identify out of the vacant properties that we're going to acquire are there any identifiable neighbors or businesses that want land for expansion or neighbors who want sides yards and then we're going to have to bank the rest of it right now and find interim uses for it or interim reuses for it such as greening those particular properties.

But I think the example in Strawberry Mansion is, you know, we're going to go in and create a hundred additional lots. There's already over 350 existing lots. We're going to go in and take them all at one time.

COUNCILMAN NUTTER: Okay. Let me at least say for the record, I mean, I don't necessarily want to keep talking about Strawberry Mansion but it is, I guess, a current live or soon-to-be real example so that's my only interest in continuing that part of the discussion.

So that demolition activity starts this summer. You then knock the hundred, start going after the other 3 plus the 100 that you're knocking down, although I'm left with the impression -- obviously, I don't know all the neighborhoods that you're going to be working in. I mean, will there be many side yard opportunities? I'm left with the impression at least here on the record that there's not really going to be anybody left in that particular area which is why you're going after it in the first place.

MS. SMITH: No. There's also existing vacant lots and a lot of times when looking at a neighborhood, we're trying to look at it in its totality. So we see that there's an existing vacant lot where a past demolition that's appropriate for a side yard, we're saying let's go ahead and take title to that. I mean, we're just -- there's various principles so for new -- I guess you could say what we're saying is if we're going create a vacant lot, we want take an acquisition.

COUNCILMAN NUTTER: Is this in an Urban Renewal Area?

MS. SMITH: Yes, it is an Urban Renewal Area.

COUNCILMAN NUTTER: So how long is that going to take to get the 400 properties under control?

MR. WETZEL: Between nine to twelve months.

COUNCILMAN NUTTER: And what's going

to happen during the nine- to twelve-month period kind of out on the street at the ground level? What's going to happening? What are you going to do with all of these properties in the year that it takes maybe to get title?

MS. SMITH: Again, what we've done is, one is the principle of banking it.

COUNCILMAN NUTTER: I got that.

MS. SMITH: So we acknowledge that we may not have an immediate redevelopment use. Second, we've been working with partnering organizations around interim maintenance strategy, particularly around the gateway streets and corridors. Also, we'll start reaching out to existing homeowners to when there is a side yard. I mean, right now, again, we're always in the reactive position so --

COUNCILMAN NUTTER: We don't do that now?

MS. SMITH: Well, no, not really. We usually respond -- you know, someone says they want a side yard. They come in. We issue an abatement agreement. We initiate a sheriff's sale. You know, and so on and so on. So it's a reactive thing.

You know, the thing that's critical is once you have title to the land and you can just proactively say, you know, this is available. So while we're doing that, you know, we're going to be as part of the community planning process beginning to see if there's people interested. Yes, I do want that side yard. Now, you know, we wait. If someone comes, they don't come. So we're trying to be just more proactive.

COUNCILMAN NUTTER: Well, are we going to do that with the 3100 that we already own? I mean, what have we been doing with those?

MS. SMITH: We haven't been proactively doing a lot with it because a lot of it's very scattered, but some of it is in and we're beginning to identify where we have those concentrations.

MR. WETZEL: Councilman, when the property, for example, is already in the public inventory and persons come to the Redevelopment Authority and apply for it, it's a City-owned property, an application is taken and then moved through the VPRC process.

COUNCILMAN NUTTER: When you do an urban renewal taking or what is it, Act the 94?

MR. WETZEL: That is correct.

COUNCILMAN NUTTER: Do you have to have a plan for the particular parcel? I mean, do you have to have a game plan for it or some determination as to what you want to do with it before you do that? And obviously, you need the money and fair market value. And who's going to decide fair market value and all of those kinds of issues?

MR. WETZEL: No. Legislature has provided in the statutes for the taking of properties and the elimination of blight. Far better it would be nice to, you know, to have developers lined up for these properties right now. And in some cases, there are developers who are seeking properties, but the reality is you don't need to have an identified project in order to assemble the land because the Act itself is to eliminate blight or blighting influences in a community.

COUNCILWOMAN BLACKWELL: Councilman

Nutter, could we have a short question then a ten-minute break for some people, including the stenographer. If that's okay with the rest of the committee. Some people need a ten-minute break, okay? Thanks.

COUNCILMAN NUTTER: Okay. Oh you want one of the short ones?

COUNCILWOMAN BLACKWELL: Maybe we better just do it now.

(Laughter.)

COUNCILMAN NUTTER: Let's take the break.

COUNCILWOMAN BLACKWELL: All right. We'll take a break. Thank you.

(Break taken.)

(Proceedings resume.)

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COUNCILWOMAN BLACKWELL: Councilman Nutter has agreed to ask just three more questions, and then we'll take public testimony. We thank you for your patience.

Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair, and I do appreciate it. I regret that the questions went on for so long.

Miss Smith, if I offended you in any way, I certainly regret that. In my slightly more than ten years in Council, I've never had a witness storm away from the table, but notwithstanding that, I still enjoy the most wonderful relationship with you and have the greatest admiration and respect. And we can talk about whatever it is that I did a little later on.

(Laughter.)

COUNCILMAN NUTTER: Let me just ask a couple other questions and then, as the Chair said, I will yield.

With regard to -- there was testimony earlier with regard to the insurance issue, so I want to talk about that and I want to go back to the area where we were a little while ago and just one other item.

When we engage in a demolition presently, I will make the big assumption and leap that the contractor involved has to have insurance.

MS. SMITH: (Nods head.)

COUNCILMAN NUTTER: And that provides a certain level of, I'm assuming, of indemnity to the City of Philadelphia. They have to fix whatever they break for any adjoining property owner. If something goes wrong with the job, I'm assuming that they hold us harmless in their contract with us. Are all of those the current provisions?

MS. SMITH: Yes, as I understand it.

COUNCILMAN NUTTER: Okay. Now, the proposal going forward is that some $12 million in insurance costs need to be covered, and I want to make sure I'm using the right terminology. Is it wrap-up or wrap-around?

MS. SMITH: I've heard people refer to it in both regards. It's probably a term of art. I'm quite sure there's a specific insurance term, you know, with respect to that, but I don't know it.

COUNCILMAN NUTTER: Okay. Now, is the assumption here that if we didn't pay for the insurance, that the contractor would get the insurance and then build that into the cost of whatever they charge us, is that the underlying assumption here?

MS. SMITH: Yes, yes, that's the underlying assumption, mm-hmm.

COUNCILMAN NUTTER: Now, I guess my question about that is -- I mean, these people already have insurance or should already have insurance if they're in the demolition business, right? I mean, they're not sitting around waiting for us to come along to give them work so that they can then go out and get insurance, right?

MS. SMITH: I'm not really an expert. I probably would have to have someone from Risk Management to talk about it. I don't know if people purchase it specifically on a project-by-project basis, depending on the size of the contract and things of that nature. I just don't have that level of, you know, intimate detail.

But what I would want to say is that one of the issues that has come forth out of number of meetings, I think going back to the transition work, is it ability for smaller contractors with disadvantaged businesses to be

able to participate in contracting opportunities offered by the City and that a barrier to participation has been things such as the cost of the insurance for these smaller guys or the cost of getting the requisite bonding. So what we did under the leadership of the Office of Risk Management was began to explore other approaches that will enable to us, you know, to lower those barriers around participation in order to meet our economic opportunity objectives as a part of NTI. And that was one of the ideas and the concepts that was put forth. And there are other ones. But I know that has historically been an issue with respect to the smaller contractor, so that's the impetus. The details of how that would work, the operational components, what we can do is in writing to the entire committee or how we would like to handle it, is maybe, you know, a briefing by Joe Parella to talk about how things are done now and how things will be done with the wrap-up insurance concept.
The other thing that's --

COUNCILMAN NUTTER: I would be interested in additional information.

MS. SMITH: Okay.

COUNCILMAN NUTTER: But, again, let me just make sure I understand. So as a part of the response to help ensure that either smaller companies -- I mean, are there a growing number of small demolition companies? Are people going in the demolition business to take advantage of this opportunity?

MS. SMITH: I think there may be a number of individuals and companies already involved who's capacity may be smaller. I really don't feel like I'm the expert to talk about, you know, the capacity issues, the interest of smaller and disadvantaged businesses in terms of contracting opportunities. I don't know if, Mjenzi, if you could talk a little bit generally or otherwise I can just maybe bring someone forth from MBEC. But as an issue, things like bonding, things like insurance have been routinely cited as an impediment in terms of participating in City contracting opportunities.

COUNCILMAN NUTTER: Okay. You're going to get us some additional information about that?

MS. SMITH: Yes, I will.

COUNCILMAN NUTTER: Because I would be very interested in that. And I'd also like to know what, if any, additional responsibility, liability we may have as a result of this or if it's going to be the same as it's been in the past, those kinds of details. It sounds like we're trying to create a product, if you will, to allow people to participate in City work, which I understand and certainly is an admirable goal. On the other hand, I'm not necessarily sure that we should be the ones paying for it. And I understand your philosophy here is you're paying for it one way or the other. I'm not exactly sure about that, and we don't have to debates this point at this time, but it is of concern.

Tell me, as a part of the earlier question I asked you, which was the first question, what are the benchmarks for success of NTI and CDBG? What are our goals? How will we know if things are working? Where are we trying to go with all of this?

Tell me specifically, what are our goals and commitments around the two areas of affordable housing and accessible housing?

MS. SMITH: Overall, we put in the NTI Program oversight, you know, overview program strategy -- I can't remember. I think we were looking for new production of affordable housing. If I recall correctly, it was around 3500 units over five years. That doesn't count also production on affordable housing that -- because I also think that when we preserve a unit and invest in that, that's also a part of the an affordable housing strategy for owner-occupied units so that doesn't include like the number of, say, a basic system repairs or other types of activity we're doing.

Do you want to talk about the accessibility issue?

MS. McCOLLOCH: In terms of accessibility, we require for all of our housing developments that 10 percent of the units built be wheelchair-accessible -- I'm sorry. I beg your pardon. Five percent of units built to be wheelchair-accessible. So any --

COUNCILMAN NUTTER: How did we decide on that number? Where did that number come from?

MS. McCOLLOCH: That number was essentially negotiated as a part of the partnership initiative which has been part of the consolidated plan for the past several years

COUNCILMAN NUTTER: What's the demand?

MS. McCOLLOCH: The demand for accessible housing, I'm sure is much higher than 5 percent, but the real issue is affordable housing and the real issue for accessibility is affordability, that property houses must be both affordable and accessible.

COUNCILMAN NUTTER: So what are we doing about that? And tell me again, what is our goal and how are we meeting it?

MS. McCOLLOCH: Overall?

COUNCILMAN NUTTER: Mm-hmm.

MS. McCOLLOCH: Okay. If look -- you have a copy of the Con Plan? On Page 14 of the Con Plan, it shows what our goals are for rental housing and homeownership housing.

COUNCILMAN NUTTER: Are you talking about the Consolidated Plan?

MS. McCOLLOCH: Do you have a copy of

the Con Plan? Okay.

COUNCILMAN NUTTER: 14?

MS. McCOLLOCH: On Page 14.

COUNCILMAN NUTTER: Yep.

MS. McCOLLOCH: It shows the rental housing and homeownership housing. And on Page 20, I think it is, on Page 20, it shows the special-needs housing. And you can see under special needs, it's broken down by categories of households assisted.

So those -- in terms of the benchmarks for CDBG, these are the benchmarks as we present them to HUD. And then -- because this document, of course, is our funding application to HUD. And then every year, we report to HUD on our accomplishments in achieving those through a document called the CAPER, C-A-P-E-R, which stands for Consolidated Annual Performance and Evaluation Report. So we tell how these are what we're planning to do, and then at the end of the year we report to HUD on how closely we met them.

COUNCILMAN NUTTER: Can you give to us through the Chair a five-year comparison between of was sent to HUD in a final plan and approved by City Council and put next to it for each of those years in the categories for Page 14 and for Page 20 what the actual was that you reported out of the CAPER process?

MS. McCOLLOCH: Yes.

COUNCILMAN NUTTER: Thank you.

Miss McColloch, while you're up, I sent some correspondence not too long ago with regard to 5946-48 Vine Street. To the best of my knowledged, I've not received a response back. That was a request for some funding of a property at that location. Could you be sure when you get back, unless you already know what the answer is, to get me an answer on that? That's a request made by a community person for development activity at that location.

MS. McCOLLOCH: Okay.

COUNCILMAN NUTTER: It could be an integral part of the revitalization in that corridor of West Philadelphia. You remember that West Philadelphia discussion we had a little while ago.

MS. McCOLLOCH: Yes. I'm sorry, Councilman, it was a development request?

COUNCILMAN NUTTER: Yes.

MS. McCOLLOCH: Okay.

COUNCILMAN NUTTER: Now, lastly, for this time, I'd like to talk about a couple of the areas in the -- what did you call this a Con Plan?

MS. McCOLLOCH: Yes, Consolidated Plan, Con Plan as we affectionately refer to it.

COUNCILMAN NUTTER: With great affection.

First let me commend you for, I think, starting at Appendix 26 in an effort to respond to some legislative amendments to previous CDBG bills and plans, you have now included in Year 28 these areas of additional requests for information by City Council back in 2000 and 2001. I appreciate you putting these items in the rear of the document.

I do want to ask you a question. Back in Bill 010373, which was the Year 27 application, one of the amendments was that you were going to provide a detailed listing of the funding amount and percentage of funds being utilized by category of all CDBG-eligible programs and activities as provided in 24 CFR 570 subpart C, which is all eligible activities under the federal regulations. What I'm seeing, though, in Appendix 28 is -- and maybe there was some misunderstanding in the language. What I see here is a listing of the eligible activities by category for the categories that you're actually funding. Did someone make a decision that you would only list the categories that you're actually funding and leave out the categories that you're not funding? Do you understand the question?

MS. McCOLLOCH: I'm sorry, I don't exactly understand the question.

COUNCILMAN NUTTER: That's all right. Do you have Appendix 28?

MS. McCOLLOCH: Yes.

COUNCILMAN NUTTER: So you have CFR No. 570.201A which is acquisition , right.

MS. McCOLLOCH: (Nods head.)

COUNCILMAN NUTTER: And then you skip to D, which is clearance. My question is, what happened to B and C and all of the other eligible, the categories?

MS. McCOLLOCH: Now I understand the question. The decision was made to only list those activities that we are funding.

COUNCILMAN NUTTER: Why is that? Why did you make that decision?

MS. McCOLLOCH: Just to show how we were spending the money, proposing to spend the money.

COUNCILMAN NUTTER: I understand. But the reason I ask the question is because the bill says that you're going to list all CDBG-eligible programs and activities in accordance with the guidelines of the regulation. It really wasn't a discretionary decision.

MS. McCOLLOCH: Okay. Well, we can revise this part of the appendices to list all of the activities

COUNCILMAN NUTTER: The expectation was that you would list all of the categories, whether you were funding them or not.

MS. McCOLLOCH: I understand. We can revise it.

COUNCILMAN NUTTER: Now, in this year's bill, which is 020275, those same requirements are not listed in the bill. And I understand that they're not in the Council or the Philadelphia Code, but we've now had those items in the last two CDBG bills by amendment, albeit. Was there a conscious decision made not to include all of these items in the particular section of the bill where they've been for the last two years?

We've made amendments in the past two years in Section 8 of both of the previous CDBG bills. That's why you did what you did, because the bills were amended to make these reporting requirements. I don't want to say I assumed you were going to put them in, but...

MS. McCOLLOCH: We provided -- we did not include them as a part of the ordinance, that is accurate. We provided the information in the document in lieu of making them a part of the ordinance.

COUNCILMAN NUTTER: Is there any problem in including it actually in the ordinance that all of those items will be in what's going to amount to the next year's CDBG --

MS. McCOLLOCH: There's no problem.

We simply thought we were covering it by providing them in the document.

COUNCILMAN NUTTER: Right, I understand, okay.

And this is my last question. In the 2000 bill, which was Bill No. 000344, there was a provision that said specifically that "It shall be the policy of the City that beginning in CD Year 26 and each CD year thereafter the City will consolidate administrative functions associated with each agency participating in the CDBG program in order to avoid duplication of services and reduce administrative costs. Use and expenditure of any CD Year 26 funds made available pursuant..." And then there's a whole section.

Now, the review of your total costs, that's general operating and program delivery, in Year 25, those costs were $29,532,000. In Year 26, it was $29,703,000. In Year 27, it was $31,069,000. And in Year 28, there is a reduction between Year 28 and Year 27 of, as best I can figure out, $9,000.

Now, does that lay out the

Administration's position that you are seeking to reduce administrative costs?

MS. McCOLLOCH: Well, we are always seeking to reduce administrative costs.

COUNCILMAN NUTTER: I understand, and I'm always trying to get my hair to grow a little longer, but it ain't working.

The costs are not going down.

MS. McCOLLOCH: The costs have remained stable, that's correct.

COUNCILMAN NUTTER: So what are we doing to reduce -- I mean, we're now at $31 million of the -- what's this year's allocation, 83?

MS. McCOLLOCH: The CDBG portion of it is 69.4, and the home portion is 16-something.

COUNCILMAN NUTTER: Well, what percentage of the CDBG funds are allocated to --

MS. McCOLLOCH: On Page 139 of the Con Plan lists the resources. So the total resources for CDBG, including the entitlement program income and so forth is the 83,000 that you just --

COUNCILMAN NUTTER: $83,773,000,

right?

MS. McCOLLOCH: Excuse me, 84 million, yeah.

COUNCILMAN NUTTER: Okay. Of which $31 million is allocated to your annual operating costs. What's the percentage on that?

Is that about 38 percent?

MS. McCOLLOCH: 38 percent? I'll take your wore for it that you've done the math.

COUNCILMAN NUTTER: It's the small numbers I'm really good at. It's the big numbers that I have a problem with.

I mean, it's rather obvious, but I'll mention it and then I'll just conclude. I mean, we're taking in $83 million, 31 of which is basically not seeing the light of day in terms of actual on-the-street production. What's going to happen over the next few years to lower that cost while at the same time we're still operating -- what's our Section 108 principal and interest payment? I understand it went down. Did it go down from 15 to 12?

MS. McCOLLOCH: Yes.

COUNCILMAN NUTTER: So if you take

the 31 plus 12, you're now, at 43?

MS. McCOLLOCH: Yes. The 31 million -- the characterization that that money is not seeing the light of day is not entirely accurate in that that money is being used to put the programs out on the street. I understand it's not going-

COUNCILMAN NUTTER: What exactly does that mean?

MS. McCOLLOCH: That means it's funding salaries and operations of employees at OHCD.

COUNCILMAN NUTTER: It Doesn't build a house, does it?

MS. McCOLLOCH: It doesn't build a house, but it provides the funding to the folks that make sure those houses get built and those contracts get let and those invoices get processed and so forth.

And in part, there have been as a result of negotiated labor contracts, there have been increases in salaries.

COUNCILMAN NUTTER: I understand.

MS. McCOLLOCH: So that has made --

COUNCILMAN NUTTER: Again, and we've had this conversation on a couple of occasions both in your deputy position and now you get the pleasure of having it directly as director. Forty-three million of the $83 million is covering salaries, overhead, and interest payments, interest and principal payments on previous decisions that were made to put Section 108 loan money into housing, which for everyone that got a house as a result of that, I'm very happy for them. We are now paying the cost of that and we will pay it over a significant period of time. That's now more than 50 percent of CDBG funds are currently not going into actual production. How are we going to get those numbers and percentages down? What is the plan for that?

MS. McCOLLOCH: Well, the plan on the 108 portion is that we're not taking out any more housing 108 loans.

COUNCILMAN NUTTER: Well, I'm glad to hear that. Because we've maxed out on that, right?

MS. McCOLLOCH: We've maxed out. And

that as time goes by, those annual loan repayments will decrease.

COUNCILMAN NUTTER: But they're going to stay up in the plus-10 range probably for the next five, six, eight years.

MS. McCOLLOCH: Yes. And then in terms of the administrative costs, you know, there was some discussion earlier about the proposed housing reorganization, but the reorganization which is going to take time is not going to show decreases in administrative costs immediately, that the long-range goal is to over time streamline the processes and streamline the administration and then that will come down. But again, that's not going to be seen in this year's budget.

COUNCILMAN NUTTER: Let me just -- this will be my last comment. I know it's not simple, but you've been talking about reducing these costs and specifically the reorganization since the spring of 2000.

MS. McCOLLOCH: Mm-hmm.

COUNCILMAN NUTTER: And Now I think the earlier response was it will be at least another 18 months; is that right?

MS. McCOLLOCH: Yes.

COUNCILMAN NUTTER: All right. Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you, Councilman Nutter. We're now going to -- Councilwoman Tasco has more questions, but we're going to defer to public testimony. We thank you all for your patience. I'm sorry that you've had to wait so long and that this is the process.

What we're going to do is call Charles Wingfield, Mill Creek Development Corporation. Please come up, Mr. Wingfield.

After that, we will call Lee Capkin, Housing Consortium for Disabled Individuals and members of his board. I know you have to go. So we will call you up next.

Charles Wingfield, Mill Creek Development Corporation. Thank you for your patience.

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: And we appreciate you being here. I know it's been a long morning and a difficult one, but you look well in spite of everything.

MR. WINGFIELD: Good evening Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Good evening.

MR. WINGFIELD: Other Members of City Council. It's my pleasure to be here before you. It took a long time for them to tell us what they got in the books, but I don't believe it. I hate to say it, but just don't believe it. Every year we come here and listen to what they have to tell us. We wait till the end effort when it comes back to us and money we're supposed to get, and we wind up with nothing.

I have a legacy. My legacy has been handed down to me since 1959 by the board members of Mill Creek Council. These board members were enthusiastic people for Mill Creek. They wanted to see a change in the lives of the people that fall through the cracks. I took up their legacy in 1972. Still in the army, I took their plans and started to run with them. For the last -- from three years in CD funds till now, CD 29, I've tried to put that plans forward. I listened to all the arguments and things that go down.

And Mr. Nutter just brought up a fact just awhile ago about a community in West Philadelphia. Our Councilperson has fought hard, but it seems like every time there's money that comes through this city, it winds up downtown, part of North Philadelphia, part of South Philadelphia, but nobody gets anything at all. It seems like certain organizations get the money every year. Our little organizations get nothing. Just scraps of money.

But I'm asking you people in City Council, the arguments we have here today in looking at their books, take another meeting instead of having a meeting with us and put our programs to you, get them in a meeting together with all of you City Councilpeople and let them tell you what they're doing with the money. Find out the facts where the money is at. Just like Mr. Nutter did, he's questioning them about where the money was and what they're doing with it.

(Applause.)

MR. WINGFIELD: Your financial manager, your financial Councilperson can't do it all. It's up to you people on City Council.

I've been around a long time, 25 years in the army and retired. Something's wrong. I might be wrong by saying this, but I believe we need a czar, we need a housing czar in this city, one man that has every organization that does housing in the City of Philadelphia to report to him. Maybe we can get some housing done. Maybe we can get some funding to the communities that need it. Maybe we can do other things we want to do.

I heard 'em talk about -- this morning I heard 'em talk about a food market. We had a food market in our area. It went. The money went with it. The food market place is still open. They want to build another one at 57th and Market Street. I can't understand it. How they going to build one at 57nd and Market Street and you got won at 57th and Vine Street empty, a food market. Maybe we ought to take 'em and brake 'em down to little small markets and put them in each neighborhood here and there and get rid of the big food market because somebody's stealing the money somewhere along the line.

And as I said, I have a legacy. We as the community board of West Philadelphia Empowerment Zone, I've been here for quite some time. I went through the blight program. I went through another program that they had for evaluation of people in the housing, moving 'em around to different places. Then I went through the Empowerment Zone where I became the empowerment director and I got fired as a volunteer because I wouldn't let the money go where they wanted it to go. We had 16 houses in the Empowerment Zone in West Philadelphia with four neighborhoods. I ain't seen 116 houses yet, not yet. All the money is going and somewhere else, outside the boundaries of the Empowerment Zone. Somebody better take a look at this thing because we're getting shot down the drain.

You folks sit here and listen and wait to get a chance to talk, and I don't usually you go talk this long, but I sat here and listened to them tell you about where the money is at. We get a book every year. That book every says the same thing every year. Everything, the same thing, the same amount of money, nothing's changed. Mr. Nutter brought it up. Something did change. He wanted to know where what, $30,000 was? I'd like to know, too.

The Mill Creek Council was organized in 1959, a community-based organization, formed in architect workshop. We engage private developers to come into our area and private contractors and we've been doing this all along. We got five private contractors now in the Initiative Zone. I just heard the young lady say where the Initiative Zone's going to work.

As a judge of general election I asked my people, which I shouldn't have done, is to vote for that money that they want to do to evacuate abandoned houses and abandoned lots. Now I found out that the initiative thing doesn't even come to Mill Creek. As Mr. Nutter said, what did the money come to in West Philadelphia? You better ask yourself what comes of your money in West Philadelphia. If you're a community organization like I am, what's it going to do for your community?

Let me tell you, there's a lot of people out there that need decent homes. If you look around in the City of Philadelphia, the houses are anywhere in between 80 and 90 years old. They're substandard. Let's give our people a place to live. That's all I'm asking.

I don't have much to give you today, but I'm going to leave with you one book that I put together. The "Key to Development." I don't have many of them. I passed them all out. This one book I put out every year, this was January 1, 2002. I had 13 of them made up. I don't have none left but one and that's it.

I want to thank you for listening to me. And I don't usually talk this long. I only stay five minutes, I'm gone, because I want to get out of here. I don't want to hold ya'll up because some of you are going to be longer than me. But it's my pleasure. City Council, my legacy to you is look over these books, find out where that money is at, find out where they placed the money at. See what the community's done.

Since 1986, I got nothing. I'm funding my organization myself. My pension is doing it all. We have a Development Corporation that's equal to none. We even give PHA the plans to do for the Hope VI when I was the director of infrastructure. But guess what? We're not even involved in the Hope VI, and we are the community organization right there in the middle of Hope VI. All I ask them is the Hope VI Program tear down the high-rises. When you tear them down, give me a chance to build my projects and then you can go ahead and do the rest of it.

I want to thank you for listing to me. Sorry I took up too much of your time.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you, Mr. Wingfield. We have requested for you and Mill Creek for Jamison Court II, those properties on Lex Street that you've been interested in. And we have also requested in our plan the 4400 block of Lancaster Avenue that special needs housing that you want. Thank you. We appreciate you. We love you Mr. Wingfield.

MR. WINGFIELD: Well, they have started tearing down in that area Jamison Court II is supposed to be built there, that's Jamison Court I that we built, 72 apartments. And right now, I can tell you that we haven't lost a person in that 72 apartments in the last four years. And if we had anybody to lose, one lady told me, "Mr. Wingfield, you can't put me out here unless you take me out in the box."

COUNCILWOMAN BLACKWELL: It's beautiful. When toured it during our NTI --

MR. WINGFIELD: I hope to build another one like that.

COUNCILWOMAN BLACKWELL: It's beautiful. Everybody loves it. Thank you so much and stay well.

That's its Sarge, everybody calls him Sarge, Sarge or General.

Mr. Lee Capkin, Executive Director of Housing Consortium for Disabled Individuals and members of your Board. We welcome you, we thank you for your patience. We know that it is impossible for you to stay all day because you have to get your ride and we hope that we haven't created any problems for you.

MR. CAPKIN: Thank you very much for your cooperation and help.

COUNCILWOMAN BLACKWELL: Thank you.

MR. CAPKIN: Good afternoon Councilwoman Blackwell and Members of City Council. My name is Lee Capkin, and I'm the Executive Director of the Housing Consortium for Disabled Individuals. We have submitted written testimony for this hearing and I would request that it be entered into the record in full.

However, we have another presentation that we want to do make this afternoon. Our testimony covers all aspects of housing as it relates to people with disabilities and especially our continuing great concern over the lack of safe, affordable, barrier-free housing, especially for people with the lowest incomes who have disabilities.

Our presentation, however, will focus on one very special aspect of this issue for us, which is the City of Philadelphia's adaptive modifications program. It is a program that is widely known to have great benefits, but also to cause tremendous hardship for the people who have to wait for a long time for the services. We are requesting for this year's Year 28 funding and for the succeeding two years an increase of funding for the program from 2 million per year to 8 million per year.

Joining me this afternoon are people who are going to tell you why this is necessary and highly beneficial. I would note that we have also provided to all Members of City Council and their chiefs of staff, a documentary film which, again, shows the tremendous accomplishments of the program for those who have been able to be lucky enough to benefit from its services, but also the tremendous hardships for those who are now waiting.

I am going to first turn this program over to Dan and Marie Chuchman who are happy recipients of services from the program. And following that, we will hear from two of HCDI's board of directors, all of whom I want to express my appreciation to for coming out today at this very important time for both the life of HCDI and the life of the disabled community in Philadelphia.

Marie.

MS. CHUCHMAN: Thank you. Mrs. Blackwell, as you know me a long time, and

I've took care of you in the store and we're asking you and City Council and Anna Verna for your help 'cause we need you. This is good program. As you know what Dan and me have been through, some of it. And if we can do it, anybody can. And if you can help me and people like me and Dan to overcome our problems and accept the things we cannot change and know the difference to go on and we can help ourselves if we just get a little tiny bit of help. And these people and their program the Adaptive Modification Program -- if I'm not saying it right, I'm sorry. They've made a difference in our home that Dan can take care of himself now and I can go out and do what I want to do. And maybe someday, but I don't know, I can go back to taking care of you again or just helping people like me to make a difference. So please help us. And most of all, look at the tape 'cause it shows you that we can live with just a little bit of help. It's a wonderful program. My Dan is blessed. With programs like this, it means a lot.

COUNCILWOMAN BLACKWELL: Thank you.

Thank you. God bless you.

MS. CHUCHMAN: Thank you, Mrs. Blackwell. I know you'll do the right thing and help us if you can.

COUNCILWOMAN BLACKWELL: We certainly will. We support you.

MS. CHUCHMAN: Yeah, well we support 'em too, they're everything.

MR. CHUCHMAN: Councilwoman Blackwell, Members of City Council, my name as Daniel Chuchman, I'm a homeowner in Southwest Philadelphia. I appreciate you taking this time to listen and understand what the disabled people are going through. For example, I applied for the Adaptive Modification Program. It took me about two years on the list, the waiting period time. Now I understand it's longer. But just a few things of what the program has done for me. Number one, it made my kitchen fully accessible by widening the doorway to the kitchen, taking and lowering all of the apparatus for cooking, for washing dishes, and for storing dishes in the cabinets. Also , number two, they tore down a beautiful bathroom that we had and redid it and made it adaptable to my needs where all I have to do is wheel in with a wheelchair and use the facilities. And I hope City Council and the people of Philadelphia will help, help the modification program to go on and to fulfill its destiny in which it is creating.

Thank you very much. God bless.

COUNCILWOMAN BLACKWELL: Thank you, God bless you.

MS. CHUCHMAN: And remember, you make a difference when you help the disabled. And if you can't help the disabled, you have nothing. Please look at your tape.

COUNCILWOMAN BLACKWELL: Thank you. We will.

MR. ROWE: Councilwoman, Councilmen, my name is John Rowe and today I'm here in my capacity as Vice President of the Board of the Housing Consortium for Disabled Individuals. I'm here to express my support for HCDDI and for the Adaptive Modifications Program.

The Adaptive Modifications Program is presently funded annually at $2 million. It modifies about 90 homes a year for that amount with some 800 additional people on the waiting list. The program is specifically designed to make adaptive modifications to a person's home, both renters and homeowners with such items as wheelchair lift to get from the house to the outside world, a stair glide to get to the bedroom and bathroom typically located on the second floor, and kitchen cabinet and sink modifications in order to properly prepare meals and other assistive measures, all geared to do allow a disabled person to live, quote, normally.

The sobering fact is that if a disabled person called today, it would be at least five years before he or she would see any modifications made to his or her house and that is if everything within the process when as planned. And it is totally about the level of program is funded. Please support this program so that disabled people do not have to wait five years to live more like you or I.

Thank you.

MR. CLAIRE: Good afternoon, Councilwoman Blackwell and Members of City Council. My name is Mark Claire. I am probably the newest member of the HCDI Board of Directors. I'll be brief, but I'm really here to discuss the passion and dedication of the organization as related to their charter in servicing the community.

HCDI is the oldest organization of its kinds in the region. I don't know if you're aware of that or not. It's also designated as a model organization throughout the United States. HCDI's contingency that it serves is really throughout the entire City of Philadelphia it's not just in West Philadelphia, North Philadelphia, South Philadelphia, it's the entire city. The population that HCDI services is estimated to be about 300,000 people. That's quite a lot.

Programs, of course, have expanded. Funding has decreased. The dedication is there. What I have seen first-party are the members within HCDI receiving a reduced or no compensation at all for the services that is they perform, including day-to-day operations, reaching into their own pocket to pay for postage.

So I just simply ask that you seriously consider increasing your support of HCDI so that they can better service those in need.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much. Thank you very much.

Any questions from Members of the Committee?

We thank you so much and thank you for your patience.

The next individual is Rick Saur, Philadelphia Association of CDCs. Following them will be Joe Wingert and Blain Stoddert from the Partnership CDC.

(Witnesses come forward.)

COUNCILWOMAN BLACKWELL: Good afternoon. Thank you for your patience. I need a Sergeant-at-Arms, please, for the testimony. Thank you.

Thank you for your patience and good afternoon.

MR. SAUER: Councilwoman Blackwell and Members.

COUNCILWOMAN BLACKWELL: We also saw Frankford CDC, okay? But anyhow, You work it however you choose. All righty. Thank you.

MR. SAUER: Good afternoon Councilwoman Blackwell and Members of City Council. I want to thank you for the opportunity to testify on how City proposes to allocate its community development resources in the next fiscal year. My name is Rick Sauer and I'm the Executive Director of the Philadelphia Association of Community Corporations, which is a citywide association of over 80 CDCs and other organizations involved in rebuilding communities and revitalizing our neighborhoods.

While we're supportive of many aspects of the City's Neighborhood Transformation Initiative, looking through these documents, we also have some serious concerns about how NTI bond fund and other community development resources such as CDBG are going to be utilized in the City's next fiscal year, especially with regard to acquisition and development activities. Along these lines, we have a growing concern that many CDCs will be losing their development capacity that took years to build, and in some cases potentially even going out of business due to delays in moving proposed develop projects forward.

CDCs have been and are critical deliver mechanism for achieving lasting neighborhood transformation. They are rooted in the community and respond to community needs over the long term. And they have the significant track record and have developed expertise in a number of areas vital to eliminating blight, increasing self-sufficiency of residents and rebuilding the physical and social fabric of our neighborhoods.

Adequate resources need to be targeted to CDC projects and the neighborhoods they serve to build on and preserve the significant investment of public and private funds undertaken to date as well as support projects and other activities currently in the pipeline. We urge the City to build on this past investment in the local CDC industry and the neighborhoods they serve by continuing to utilize CDCs as key delivery vehicle for the implementation of NTI and other neighborhoods very vitalization strategies.

We know that there are a number of competing needs for limited community development funds. At the same time, there's an infusion of nearly 63 million NTI bond funds for next fiscal year which should enable City to free up a substantial amount of Community Development Block Grant funds to fill in gaps not addressed by these bond funds, such as support for housing development and neighborhoods economic development activities.

Overall funding for these activities remain relatively flat, or even in some cases face cuts resulting in a serious mishmash between funding allocated to housing commercial development activities in our neighborhoods and the needs of these neighborhoods where CDCs are working to revitalize them. Further complicating matters is the proposed significant reduction in NTI bond funds allocated to support acquisition for specific development projects, as proposed in the initial preliminary plan that came out earlier this spring.

My following comments regard some specific areas in the Consolidated Plan and the NTI Program Statement.

With regard to property acquisition, which has been a fair amount of decision today, we strongly support efforts to streamline and improve the City's property acquisition and disposition system. And particularly, we propose to support the proposed creation of Management Information System so that the City can better track the vacant property and development projects as they move through the City's acquisition and development system. Creation of such a system is crucial and it's long overdue.

Equally important, though, to improving the system is to ensure that there's adequate funding to support acquisition activity that will enable housing and economic development projects to move forward in the near future. Due to the low level of assisted condemnation undertaken by the City over the past couple of years, a significant backlog of projects for requesting land assembly has developed. And the City took an important step towards addressing this problem by passing a transfer ordinance earlier this year to enable about a dozen projects to move forward with acquisition. As mentioned, when the City released its preliminary Consolidated Plan in February of this year, we were pleased to see that nearly $10 million were being allocated for acquisition for specific residential and economic development projects.

The new plan that's before you today actually bumps that up a little bit to about $11 million, but the concern is that there's been a dramatic switch in what acquisition will be prioritized and supported. Out of that initial nearly $10 million that were to go to support projects to move forward in the near future, that amount has been cut back to only $3 million with a much higher priority being placed on land vacant property for future development opportunities.

And while we certainly support the movement from the current sort of more demand system to a more supply-oriented system by putting a land vacant program in place, we can't just make that transition real quick overnight due to the fact that there has been a long lag time in doing acquisition for many projects and the fact that it will take a while for the City to get enough properties into its inventory to actually have developable sites to move forward on. We need to make sure that we continue to fund projects that are ready to proceed now.

So we call on the City to restore funding on line item to at least a level of $7 million so that acquisition for specific development projects can proceed in Fiscal Year 2003.

A couple other quick related concerns about acquisition. One is that we need the City to commit to acquisition for CDC projects early in the development process. There appears to be a growing trends towards favoring acquisition for projects that already have financing committed them. However, it's unreasonable to make acquisition for CDC projects contingent on having financing already in place since most funding sources require that you first have site control before you can go to them to ask for funding. So if acquisitions that moving you can't go out and tap these other funding sources and leverage the additional dollars that we all want to bring into our communities.

I think overall, there needs to be a more transparent process for how acquisition decisions are being made, and we certainly encourage the City to move forward with an RFP process for acquisition with clear selection criteria.

Finally, we need to keep in mind that housing development, including the property acquisition process takes a significant amount of time. Without adequate funding for acquisition for current projects, the City's real estate production pipeline will continue to move forward in slow motion, jeopardizing a number of opportunities to address important neighborhood needs and advance neighborhood revitalization. There has already has been significant delays in moving projects forward. And if we want to see new projects completed in the next few years, we need to adequately fund the acquisition process now.

A couple of other areas within NTI that I want to address quickly:

Neighborhood planning. We certainly strongly support the use of neighborhood planning to develop a future vision for the communities within our City to prioritize implementation strategies and to guide the strategic allocation of resources. We also believe that effective community-based planning needs to be bottom up versus top-down with the City serving in a support role rather than a lead role. It's critical that community organizations and residents and targeted neighborhoods play a lead role in the planning process and not just review and comment on proposed plans being developed.

At the same time, as was mentioned earlier, many neighborhoods have already developed neighborhood plans these plans, if there's new planning going on in those neighborhoods, should serve as the basis of those new plans, but at the same time since we already have some plans in place, there's a need to move forward and start implementation now. We can't wait another two years to go through a whole other planning cycle before additional funds are allocated to housing production and economic development. We need to start seeing some results in the neighborhoods as soon as possible.

With regard to housing production, there continues to be a need to streamline the City's development process and lower the high cost of housing production.

Under NTI, there's a specific emphasis on encouraging market rate development. We know, though, that many of the same issues that inhibit the development of middle income housing in Philadelphia have served as road blocks to the development of affordable housing in the City for years.

And so it's so critical that as City moves forward to streamline development process, it's done for all types of housing development.

There is also a trend towards reducing the amount of City funding going into affordable housing projects to try to put in smaller subsidies and leverage more dollars from the outside. While at the same time we are increasing the amount of funding that's going to support, quote, market rate development or market-oriented development, we're demolishing housing, we're acquiring land for those projects, we are giving them ten-year tax abatements, so let's not fool ourselves. We're subsidizing that market-oriented development as well. We need to make sure that we're putting adequate subsidies into the creation of affordable housing that are addressing the needs of lower-income folks in our communities as well.

If going to meet talked-about goal of 3500 affordable housing units over the next five years, the City's going to have to allocate a significant amount of additional funding to support affordable housing production.

With housing preservation, just one main comment I want to make. We certainly support efforts to stabilize vacant properties in our neighborhoods to prevent further deterioration to keep down rehab costs, to preserve those neighborhoods, it's critical, though, that these preservation funds are allocated not only to neighborhoods that are currently stable, but also to ,quote, stable blocks in lower-income neighborhoods that only have a few vacancies, because if don't stabilize those blocks as well, we're going to lose all the public investment and the private investment that have gone into those neighborhoods in the last ten or twenty years.

With regards to community economic development, it was mentioned. I think there's something like an overall cut of $1.5 million to that program area for the upcoming year. We believe that strengthening the City's neighborhoods commercial corridors is a very important part in the neighborhood revitalization process and very important to addressing neighborhood resident needs.

We want to urge the City in particular to restore $1.25 million in funding cuts to two key programs: The Commerce Department's Neighborhood Development Grants Program and PIDC's Neighborhood Development Fund.

In addition, we need the City to effectively market its commercial corridors to businesses in the outside to attract those new businesses into those corridors.

My final point is about additional resources for housing community development. We know that it's a limited amount of funds to divvy up among these pots. We certainly look to the City to reallocate some of the funds among the existing line items, but there's other sources we can tap that we're not really tapping now. We can put additional economic stimulus funds on the streets to support projects in our neighborhoods. We can move up the CDBG program year by six months so it starts the next Year 29 will start January 1 versus July 1 of next year so we're not waiting nine an ten months to draw down the block grant funds that HUD already has there waiting for us.

Finally, as the comment that mentioned by Councilman Nutter earlier, we're currently spending more than $31 million in block grant funds every year for operating costs. We could be reallocating some of these costs to the City's General Fund and looking at ways to cut back on those costs overall.

The City's Neighborhood Transformation Initiative addresses many neighborhood needs by focusing on property demolition, preserving neighborhoods, and setting the stage for future development. While we understand the importance of these activities, without the allocation of additional resources to support the development of new homes, businesses, and community facilities, the neighborhood transformation process in many of our neighborhoods will be incomplete.

So we urge its City to continue to support of the local CDC community and to support projects happening in lower-income neighborhoods where they're working because without a that effective partnership, it will be very difficult to move neighborhood transformation forward. Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much. Joe Wingert and Blaine Stoddert, Partnership CDC.

MR. STODDERT: Good afternoon. My name is Blaine Stoddert. I represent The Partnership CDC. And I want to thank you, Councilwoman Blackwell, for inviting us to testify. And I also want to acknowledge the other Councilmembers that are here.

I just want to say a couple of things before Joe Wingert, our housing director, presents his comments.

The first thing I want to say is that CDCs are in trouble. You probably heard that in different ways. And I think the CDCs that survive and do well will be the CDCs that are able to adapt to the marketplace and are able to come up with initiatives that not only meet the community needs, but keeps them financially viable. And one of the things we're doing in the Partnership CDC is we started a for-profit company. Now, CDCs have been doing these for years. As you know, Mr. Kenney Gamble has several for-profit companies in South Philadelphia. Impact Services, John McDonald had been doing it for years. Nora Lictash (ph) doing it with day care.

We started a company called Cores. And Cores provides pressure washing, graffiti removal, housekeeping and painting services. We also clean public spaces in Special Service Districts. And we don't get any government money. We receive, thanks to Mjenzi Traylor -- I saw him around somewhere -- or the Commerce Department. They gave us a one-time grant of $28,000 along at the time with Councilman Goode. We got a one-time grant of $28,000 from the City of Philadelphia to start this company, and now our operating budget is $1.5 million. And we receive no government money whatsoever from the City of Philadelphia to run this for-profit subsidiary that actually takes people off welfare and put them to work paying them $7 to $13 an hour. So we're looking for work. So I'm going to Councilman DiCicco, I'm going to be coming to you looking for work for our people. And we hire people from the neighborhoods in which we get work. So if you want a park cleaned up or something -- I saw you on TV with the Frank Sinatra clean-up or something. If you want that park cleaned up, we'll come and clean up the park. We're looking for work. And we'll hire people from South Philadelphia to do it. In West Philadelphia, we hire people from the Councilwoman's district or from Mr. Nutter's district. And I just want to say that we have to begin to think out of the box.

Last but not least, the last think I want to say is the Partnership CDC is about to make some major acquisitions to plug into neighborhood transformation. I'm about to buy 168 units of housing, some of it affordable some not because we have to begin to have a mixture in the community. And if I go out and put $3 million on the table that I borrowed from the bank, I need to be able to come back to the City of Philadelphia and say, "Can I get some equity or some grant financing to make this housing work?" And if we can't get that money through block grant or through NTI or one of the things we're talking about -- and Mr. Nutter you might like this. One of things we're taking about is don't give me block grant money, give me a loan from NTI and then use block grant this year -- use block grant money from next year's allocation to repay the loan that you gave me so I don't directly get block grant money. So what that does is it frees me up to provide to meet the community's needs without the bureaucracy or the HUD regs that normally would tie us down to one thing or another. Whatever the needs are, we want to be able to be flexible enough to meet those needs. And that's the way we're beginning to think about the box. But I'm not going to go to the bank tomorrow and borrow this $3 million to by these 168 units of housing as well as spend $1 million on 40th and Market Street if I don't know that I can depends on the City to help me with grants or equity to make our projects work.

Last but not least, we only want 30 to 35 percent grants or equity. We're not coming to the City saying "I'm going to build a $50,000 house for $250,000," like I've seen in the Daily News. We don't want to do that. So we only want 30 to 35 percent of grants or equity. So if I'm putting up $100,000 project, we're looking for a $35,000 to maybe a $50,000 grant on average. So those are the things trying to do. We're trying to keep our costs down. We're trying to survive, but more than survive; we're attempting to go thrive as a CDC and create jobs at the community level. We have 75 people working in our subsidiary and only 11 at the CDC. So it shows you where our future growth is going to be. It's going to be in creating services at the community level that people can purchase for a reasonable price.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you. And absolutely, you do a wonderful job and the community is really blessed and grateful to have you out there.

Mr. Wingert.

MR. WINGERT: Thank you, Madam Chair. I'm not sure there's much else I need to say after Blaine, except that I can talk about the specifics of a couple of projects that we are working on and how the proposed plan affects that or could impact these projects.

First of all, I'd like to say that I agree with much of what was included in the testimony by Mr. Sauer. We are going to touch on all of that. We want to talk about some specifics in projects that we're working on. I've provided written testimony. I'm going to paraphrase it as we go to try and keep it as brief as possible.

The first topic like to talk about is

on the 4400 block through the 4700 block of Sansom Street in West Philadelphia. Currently, the area is known for drugs, crime, it's a very high-crime area. We're in a position to purchase 20 properties in that area to start what we call the Sansom Street project. The area's recently recertified by City Planning Commission for urban renewal, and the Redevelopment Authority is currently working on a plan for the development of that area. They're working with us in that endeavor.

Our goal is to start that project this year with the privately acquired properties. We understand that with the funds that are available from the City, the process of condemning the properties through urban renewal taking will take approximately one year. As far as that goes, we are requesting that funds be allocated for condemnation within this year, NTI Year 1, Year 28 As opposed to NTI Year 2, Year 29.

Our plan is to start this project with 18 homes on the 4400 block of Sansom Street. We assume that these are full-gut rehabilitation houses. They're targeted towards single families. The income levels range from low-income families up to what we typically call market rate. Those would be middle-income families. We've already secured funding from the federal -- excuse me. We haven't secured it yet, but we have a good application into the Federal Home Loan Bank which we feel will help to offset some of the acquisition costs. We've also received some support from the William Penn Foundation and W.W. Smith Foundation.

We anticipate starting construction -- concluding the acquisition and starting construction and marketing before the end of summer. Our hope is that as we get this project going, enough interest is generated that by the time the funds kick in and condemnation work kicks in, that we will be able to seamlessly move into the next phase. We planned the project in four phases over three years by block basically. And it's critical that we pay attention to this this year because this is a real project. It has a real plan. There's a lot of community interest. There's support from some of the community associations. It's also at a key crossroads or between two major arteries that go in and out of the City, so there's an area of opportunity here.

That's mainly what I'd like to say about this project. We're asking for support. We're asking to have the condemnation issues addressed this year as well as demolition.

On the construction side, however, full-gut rehab is an expensive process in the City of Philadelphia. Doing business in construction is a very expensive process. We've run numbers that show what this project would cost in the middle of Bucks County, and as far as we are concerned as a community development corporation is concerned, it would be about a break-even proposition. In the City, there are a lot of other issues and costs involved. We end up by the time we're done with 68 properties, we have a gap of about $4 million. We are hoping that that will go down if there is enough interest in this project then we can raise prices towards the end of the project to address the needs of middle-income families that gap should reduce. But conservatively speaking, it's a big number. And I think no matter how you look at it, it's still going to be a big number.

This is where we get into what Blaine was talking about, leveraging funds. The total cost of the project is about $15 million. We expect that we'll see 11 or $12 million to towards the sales of these homes. Thirty of them new construction. The balance are complete rehab, gut rehab. The remaining number, we're trying to fund through innovative ways by investment over the long term. Blaine mentioned drawing on some NTI funds as a possibility. We're also working with some local banks for this purpose as well.

I'm going to move on to some other projects that we're working on through the HRP program.

COUNCILMAN KENNEY: Could you simply tell us what it's going to cost per house to build and how much we're looking to sell it for?

MR. WINGERT: Average sales price over the life of the project is about $150,000.

COUNCILMAN KENNEY: Sale price?

MR. WINGERT: Average sale price. At the low end it's $85,000 which represents current market value.

COUNCILMAN KENNEY: Right.

MR. WINGERT: At the upper end with the new homes that we construct and they're in the final phase. The sale price could be roughly $190,000.

COUNCILMAN KENNEY: And that's -- I'm confused. How much does it cost to build them?

MR. WINGERT: Okay, the costs depending on how you weigh it --

COUNCILMAN KENNEY: Well, new construction on one hand, and then full-gut rehab on the other.

MR. WINGERT: Full-gut rehab with cost of doing business in the City will be roughly $200,000.

COUNCILMAN KENNEY: What does that mean, the cost of doing business in the City?

MR. WINGERT: You're talking about wage restrictions and administrative costs.

COUNCILMAN KENNEY: What administrative costs?

MR. WINGERT: Let's say, you're getting home through the RDA, you have a lot of --

COUNCILMAN KENNEY: They charge you?

MR. WINGERT: No, they don't charge you, but the administrative costs are typically higher.

COUNCILMAN KENNEY: What are they attributed to?

MR. WINGERT: The costs themselves?

COUNCILMAN KENNEY: Yeah. If you have to give them a check, I'm sure you're going to ask what it is they're doing for it.

MR. WINGERT: Relative to the total cost, it's a minimal amount.

COUNCILMAN KENNEY: But you said that impacted on the cost of construction, it was one of the factors in the $200,000 for the full-gut rehab.

MR. WINGERT: That's correct.

COUNCILMAN KENNEY: The full-gut rehab cost at $200,000 to do, you're going to sell them for how much?

MR. WINGERT: We're going to sell

them for whatever the market value is?
COUNCILMAN KENNEY: What's that?
MR. WINGERT: Depending on where you are in the project. If we sold that first house today, it would be $85,000.
COUNCILMAN KENNEY: Councilman DiCicco wants to know is that $200,000 construction cost also include acquisition?
MR. WINGERT: Yes, it does.
COUNCILMAN KENNEY: So acquisition, construction, 200 grand, we're selling it for 85?
MR. WINGERT: That's correct.
COUNCILMAN KENNEY: It doesn't sound like a good formula, does it?
MR. STODDERT: The Sansom Street project is a hybrid. There's a couple things going on near Sansom Street. One is on one side of the street is the Penn School Zone. So if you're on the south side of Sansom, you're children can attend this new school built by the School District and the University of Pennsylvania. So that's driving the market, the market rate of houses in that area. If you're on the north side, the houses won't sell as high

because you're not in the Penn School Zone. These houses over a four-year period -- over a three-year period are going to start out at the low end, at $85,000 and move up towards $190,000 because $190,000 will be built on vacant land with driveways and side yards and so on. But yeah, the fact of the matter is, it is a $200,000 per unit investment and starting out the gap will be larger because that is what the market will bear.

Let me also say this. In term's of the partnership CDC's Affordable Program, this is a hybrid. This is not normal. Normally our houses sell for 45 to $75,000.

COUNCILMAN KENNEY: Same cost of construction?

MR. STODDERT: No, no. Typically our houses can cost anywhere from $100,000 to 150, 160. Now, duplexes cost more.

COUNCILMAN KENNEY: But the gap still is substantial. It's about the same gap.

MR. STODDERT: Using the HRP Program, the Homeownership Rehab Program, which was started eight years ago by, I think, John Kromer and the staff at the RDA. The cost for the HRP program to build a house is a lot less versus using home funds or block grant funds under other programs. There we only get a $25,000 subsidy and we have to leverage that to build a house. Excellent program, by the way, which Joe is going to talk about in a minute.

COUNCILMAN KENNEY: I know the realities of what we're dealing with, but every time I hear it, it's even more starkly annoying. I'm sure there are people in the City who are looking to move up in the City, middle income, upper-middle-income people who would love to buy a $200,000 house for 85. I mean, I know I would. But I just can't figure out these numbers. And I know I've been here a while, but I still can't understand them. I didn't mean to interrupt, I just wanted to get an idea what --

MR. STODDERT: I want to address your question of cost directly, and this is an excellent question, Councilman. What I've proposed is that we take the HRP Program to the $25,000 fixed subsidy and on some projects, depending on the size of the house, add $15,000 to that subsidy, making it a $40,000 maximum subsidy for the house, and then with a matching program -- so if I raised an additional 10,000, the City would give me 10,000. So I could raise, say, 60,000 max to build a house and add that to the sales price of the house. What it would do to the City is it would put a cap on these subsidies. Again, I'm not saying -- just for the HRP Program. I'm not talking about all the other myriad of City programs. But I propose that we look at the HRP Program in terms of expanding it, setting a cap on the subsidy on these houses and force developers like the Partnership CDC or private developers that use these programs to basically give us a cap and allow us within that cap to build this house.

COUNCILMAN KENNEY: I think it's remarkable that your testimony indicated on one side of the street which includes the Penn sponsored charter school the value of the houses is substantially higher than the other side of the street which would theoretically, I don't know if it's possible, lead me to conclude that we ought to take all of the money we're doing and spending on all this stuff and just fix the schools and the tax structure and all of this stuff NTI and everything else would take care of itself.

MR. STODDERT: Schools and crime and jobs make a huge difference in the community.

COUNCILMAN KENNEY: Just apparently in this particular testimony, schools itself make a huge difference if the price can be jacked up on one side of the street to another because it's in one School District as opposed to the another, to me it's not even crime and jobs; it's schools.

MR. STODDERT: It's the same issue between Philadelphia and the other side of City Line Avenue in terms of housing value.

COUNCILMAN KENNEY: Where it's cheaper to build.

MR. STODDERT: That's true. But in terms of housing value, the schools make a huge difference.

COUNCILMAN KENNEY: I'm sorry. Go ahead

COUNCILMAN DICICCO: I just have a follow-up, Madam Chair.

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COUNCILWOMAN BLACKWELL: Councilman DiCicco.

COUNCILMAN DICICCO: We'll let you finish.

MR. WINGERT: All right, Councilman.

COUNCILMAN DICICCO: You talk about $200,000 for a completely rehab. What's the cost of new construction for the new constructed homes?

MR. WINGERT: The new construction will be approximately 150 to $175,000.

COUNCILMAN DICICCO: That's not including acquisition.

MR. WINGERT: It would be, yes.

COUNCILMAN DICICCO: It would include that?

MR. WINGERT: Yeah.

COUNCILMAN DICICCO: What are your acquisition costs?

MR. WINGERT: One dollar. The new construction of 30 homes at the western end of the project area, these houses we're asking the RDA to condemn.

COUNCILMAN DICICCO: Are they

occupied?

MR. WINGERT: There might be two or three occupants.

COUNCILMAN DICICCO: How do you get them for $1? We've been going through this at Jefferson Square. I'd like to know how you're doing it for $1. You have relocation fees for the occupied homes and --

MS. McCOLLOCH: The cost is not $1. The cost is what it is to acquire them. What Joe is going to request is that we only charge the CDC $1, but the real subsidy in the project --

COUNCILMAN DICICCO: Is deeper than that.

MS. McCOLLOCH: -- would be deeper than that because the acquisition cost is going to be --

COUNCILMAN DICICCO: The acquisition, the relocation fees and all the things that I've become educated with in the last five years.

MS. McCOLLOCH: That's exactly right. For his development project, the cost may be $1, but the real subsidy is going to be deeper than that because the acquisition cost is greater than that.

COUNCILMAN DICICCO: So, I mean, theoretically, if you look at some of the other costs, I have to assume it's not far from the Jefferson Square acquisition which could be anywhere from $25,000 maybe up to $40,000 depending on the size of the property.

MS. McCOLLOCH: And particularly if there's a location involved. I don't know if Herb's here, but if there's a relocation involved, it's going to be a $30,000 relocation.

COUNCILMAN DICICCO: Yeah, minimum 25, 30,00. So you're over 200,000.

MS. McCOLLOCH: Correct.

COUNCILMAN DICICCO: So we're in line basically with the other housing developments would be.

MS. McCOLLOCH: Yes.

COUNCILMAN DICICCO: And are these Stick-built homes, traditional construction?

MR. WINGERT: The new homes will be stick-built, yes.

COUNCILMAN DICICCO: Have you looked into modular homes?

MR. WINGERT: No. It has come up that we should look at it, however, it's in an area that -- we're getting pressure from the community to try to keep with the local architectural styles.

COUNCILMAN DICICCO: Well, you can build homes that are architecturally fantastic, I mean, in some cases even better.

I just got this this morning from a project manager at Jefferson Square which is a South Philadelphia development. You can take a look at this. This is a modular-built home.

MR. WINGERT: Sure. Be happy to. So it's not out of the question.

COUNCILMAN DICICCO: As far as the esthetics, I think that can always be worked into the development. The real problem we have is the cost of doing it or if we're going to be allowed to do modular homes. These homes are going to 128 to 142 for the best and most elaborate house which is a modular. To build that stick-built, it's going to cost you at least $200,000.

MR. WINGERT: See a savings there, yes.

COUNCILMAN DICICCO: I'm just kind of following up on Councilman Kenney's questions that if it weren't for the cost of construction in the City of Philadelphia, we may be able to get some of these projects -- they may be on their way today.

MR. WINGERT: Yes.

COUNCILMAN DICICCO: So you're having the same problems that we're having?

MR. WINGERT: Yes, we are.

COUNCILMAN DICICCO: Unless we get the building trades in this city to do construction at what people refer to as the B rate as opposed to the A rate, we may be talking about the same problems next year. At the very least, if begin building, we're not going to be able to build as many of the homes we'd like to because the cost of doing it is going to be higher and we've got to reduce, we can do a lot more than we can do under the current rate of construction building homes in the City of Philadelphia today.

MR. WINGERT: That's right.

COUNCILMAN DICICCO: I just wanted to

make sure we're all on the same page because I was a little bit concerned.

MR. WINGERT: Deborah is correct when you account for all of that, it does take the cost way up.

COUNCILWOMAN BLACKWELL: Thank you, Councilman. Thank you very much.

MR. WINGERT: Well, I'll wrap it up, Councilwoman.

The comments Blaine was making about the HRP we consider a separate issue and I want to make sure that there's a distinction made between the Sansom Street project and the HRP programs. That is traditionally what the Partnership CDC has done over the last several years for homeownership projects and it's a very good program.

Some of the difficulties we're running into now, though, is that it seems that the program is better suited towards smaller homes that approximate 1,000 to 1200 square foot. A lot of the projects that we are currently proposing in the Garden Court area and in Walnut Hill, the houses are typically larger and the dollars are fixed. It begins to put pressure on the construction costs. Bottom line is that they become less feasible. So this is something that we're asking to be taken into consideration as we propose these projects.

COUNCILMAN DICICCO: One more follow-up question.

MR. WINGERT: Yes.

COUNCILMAN DICICCO: What are the size of the homes you're talking about in square footage.

MR. WINGERT: Some of them are about 2100 to 2200 square feet, they're four-and five-bedroom.

COUNCILMAN DICICCO: And those are the ones that you suggest you're going to build for about 150,000, forgetting the acquisition costs?

MR. WINGERT: That's correct.

COUNCILMAN DICICCO: Who's builder?

MR. WINGERT: We have several that we're talking to right now.

COUNCILMAN DICICCO: Because the cheapest price we've gotten to date is about 156, and we had to scale back on a number of the amenities that we'd like to see in the project. I'm not talking about the modular. The modular is state-of-the-art. You get a lot more for modular. But we're only talking about a 1700 square foot -- 1550 to 1750 square foot house. So if you can get it done for 150, I'd like to know who that contractor is.

MR. WINGERT: Okay.

COUNCILMAN DICICCO: Please have him call me.

MR. WINGERT: Will do.

COUNCILWOMAN BLACKWELL: Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you very much. And certainly, after you review that, would you return it to the Councilman. That's his only copy.

MR. WINGERT: All right.

COUNCILWOMAN BLACKWELL: So look at it, and I'm sure he'll be glad to share it with you afterwards.

MR. WINGERT: Thank you, Councilwoman.

Thank you very much.

Jeff Brown, AFSCME Local 1971. We're sorry to hold so long. We know you have to go. We missed you last year; we don't want to miss you this year, too. Two years in a row would be too much.

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: Thank you very much for your patience. We know it's been a long day, everyone. We thank you for your patience and we certainly want to do give everybody the courtesy of having their statement heard.

All right, Mr. Jeff Brown, AFSCME Local 1971.

MR. BROWN: Good afternoon, Madam Chairperson. My name is Jeff Brown. I'm President of AFSCME Local 1971. Next to me is Caswell Curtis, Vice President of the Local. And I'm here today to testify about the CDBG Year 28 Consolidated Plan which includes NTI activities.

As I've testified before, Local 1971 represents employees at the Philadelphia Housing Development Corporation, the Office of Housing and Community Development and the Redevelopment Authority. I'm not going to explain what the agencies do. You've heard it enough. But basically, they implement the plan that's being heard today. And all of these employees must live in the City of Philadelphia. Most of these employees have dedicated their careers to eliminating blight and preserving and expanding affordable housing in the City of Philadelphia and they're all affected by the plan and the NTI both as residents of the City and as workers.

Let me begin by pointing out very clearly that Local 1971 does not object to the City's NTI proposal. The employees we represent live and work every day in the City's neighborhoods and we're well aware that some of the neighborhoods require dramatic improvement. Because we're housing professionals, when we first heard about the proposed blight elimination program, even before the current Administration took office, in November '99 I wrote to the Mayor's transition team offering services and expertise to the City but never received a response.

Information about a potential housing reorganization as part of the NTI began to surface in the media last spring. Based upon our three decades of experience that equates reorganization with layoffs, the union became concerned. Therefore, since May of last year, Local 1971 has been writing and attempting to discuss with City officials any reorganization of the three housing's agency resulting from the NTI. We've offered our expertise in services to work with the City Administration to ensure that any reorganization occurs smoothly in order to help improve living and working conditions for all of the citizens of the City. We've repeatedly requested that the City inform the union of and afford us an opportunity to have input into any housing reorganization on a continuing basis prior to it being finalized and not present us with a fait accomplis. We've also explained that we wanted to ensure that any organization would not adversely affect the rights, benefits, and working conditions of the employees that we represent. However, despite two meetings with the City, the union's been delayed, rebuffed, and informed that NTI officials will not speak to us about programmatic matters, and labor issues should be dealt with through our attorneys.

We have been presented with the a fait accomplis. The decision has been made to create two new City housing agencies without any union or bargaining unit employee input.

As you know, the Consolidated Year 28 Plan indicates that the City intends to reorganize and integrate many of the City's housing and community development functions within a new Office of Housing and Neighborhood Preservation under the leadership of a cabinet level secretary. It states that under the proposed NTI reorganizations, the functions carried out by OHCD, PHDC and the Redevelopment Authority will be assigned to this new office and goes on to briefly talk about the reorganization streamlining the processes.

We did receive in December a copy of Housing Agency Reorganization Project brochure. To my knowledge, there has been no changes in what the City is planning to do with regard to reorganization since that time. Therefore, I'll summarize the issues and concerns raised in previous letters that I've sent to the City and copied everybody in Council, by the way, and previous testimony.

First of all, NTI officials proposal to eliminate, totally eliminate, OHCD AND PHDC in order to create two new city agencies, which is the Office of Housing and Neighborhood Preservation and a Land Bank, two of them, will merely shift work from two current union agencies to two new non-union agencies while laying off and disrupting the lives and the working conditions of experienced housing agency employees. The NTI officials' intention to gut the Redevelopment Authority will strip the Authority of staff necessary to carry out significantly increased eminent domain, housing bond and relocation workload. And the union also believes that it's of questionable legality since it proposes the administration of the Authority's State-mandated functions by municipal employees, thereby raising issues about the Authority's independence which is required by the state law to pursue eminent domain an its ability to issue housing bonds.

NTI officials plan to reduce staffing levels at the current three agencies from approximately 359, of which approximately 250 are represented by the union, to 291, counteracts the City's proposal to significantly expand blight elimination activities. Employees, whether people want to hear it or not, employees are needed to do make the housing and blight elimination programs function. More work in the field can't be produced by having fewer and fewer employees. There's a point of diminishing return. Even if some current experienced employees are hired at the new agencies, the transition from one agency to another, the issues about job titles, wages, benefits, hours, working conditions will cause disruption and delay, so will the hiring of new and inexperienced employees to perform blight elimination functions.

I've lived through at least seven housing reorganizations over 33 years of Redevelopment Authority employment. I've repeatedly seen how layoffs and staff reductions result in decreased productivity. They cause an enormous amount of disruption. They require an inordinate amount of time to be spent on bureaucratic functions and dealing with laid-off employees which reduces the time and energy that should be spent on blight elimination. Add to that the problem of establishing two new city offices, hiring staff, finding space, obtaining furniture and equipment and supplies in a timely manner and integrating all of that into the City system, and you compound the delay in implementing the NTI by many months and perhaps years. Despite claims from NTI officials that the active participation of the union and its members would be critical to the success of the NTI and that the City's committed to assist these employees in every possible way to smoothly transition them at the positions in new organizations or elsewhere in government, they've neither asked for nor accepted any union input into a housing reorganization. Neither have they informed the union which current employees will be offered employment where, what thier wages, hours, benefits and other working conditions will be or who will represent them.

The admirable desire to streamline land acquisition, disposition, and relocation services, which we would agree with, requires changes in Commonwealth legislation and/or federal regulation. At times, the Union's been told that NTI officials don't intend to seek revisions in state legislation. Other times they claim that they will pursue such legislation. I don't know exactly what changes are being sought or if they would really end up significantly reducing time frames to acquire or dispose of land. But meanwhile, the NTI officials could have and should have begun streamlining processes under the control of the City when the Administration took office, and they should have contacted the union to obtain union and employee input and support in the beginning, but they didn't.

The NTI proposes lands acquisition not just market-rate housing, but for affordable housing, commercial, industrial, recreational and other lands-use development. Why, therefore, does the NTI completely avoid any reorganization or streamlining of PHA if they want to do streamline things or the three main agencies that deal with nonresidential development, the Commerce Determine, PIDC or PCDC?

In conclusion, AFSCME Local 1971 has repeatedly indicated that we'll work with the City to ensure that NTI is successful in eliminating blight and improving the living and working conditions for the citizens of all of the neighborhoods in the City. Local 1971 has continuously ly asked both as housing agency professionals and as union representatives to have input into the NTI, particularly any proposed housing agency reorganization prior to its being finalized. Local 1971 has stressed that we'll work with the City Administration to improve, reorganize, or even merge the three existing housing agencies if that's what the City wants to do. However, we've been delayed, rebuffed, and ignored. NTI officials have done exactly what we implored the City Administration not to do. They've presented the union with a housing reorganization fait accomplis with no input from the union or bargaining unit employees.

The union is extremely concerned about the employees we represent. NTI officials have not said what current housing agency employees will laid off, who will be hired by the new agencies, if and where employees not hired for NTI will be offered employment, where the employees be assigned, what their titles, wages, benefits, hours working conditions will be or who will represent them, if anybody.

Although we do have a meeting scheduled with City officials on June 6th, based upon the union's experience in dealing with NTI officials up to this point, we're exceedingly apprehensive about the future employment, working conditions of our union members who are both housing agency employees and City residents.

Therefore, as the exclusive representative of the bargaining unit employees in the three housing agencies, we must take whatever action is necessary in order to fulfill both our legal and our moral obligation to represent the employees as best we can. Local

1971 has the experience. We have the funds. And we sure as hell have the determination to fight to represent our union members. We are fully prepared to litigate and take any other action on behalf of our members and to accept the consequences. Hopefully, it won't come to that, but thus far, NTI officials have given us no alternative.

On behalf of the affected employees, Local 1971 and District Council 33 request that City Council require that the City Administration work with AFSCME Local 1971 to ensure that any housing reorganization does not adversely affect the wages, hours, benefits, and working conditions of the employees we represent and that Local 1971 continues to represent these employees wherever they may be located.

Once again, Madam Chairperson, we at Local 1971 and District Council 33 thank you, the Finance Committee, and City Council for your support.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you so much.

Miss Wilkerson, would you come to the podium?

Thank you, Gentlemen.

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: What we ask you -- because we went through this last year. Can we ask you for your commitment to make sure that Jeff Brown is included in these negotiations? We don't want to go through this another year. And certainly, understand that he has to represent his membership to make sure that they're included in the process so they know where they stand and what's going on.

MS. WILKERSON: Yes, we will.

Mr. Brown, I think that the planning is not as -- has not progressed as far as Mr. Brown's concerns would indicate. And we're mindful of our obligations under the collective bargaining agreement and also respect the expertise and so as the process moves forward would look to have Mr. Brown and representatives from his membership involved in the process.

COUNCILWOMAN BLACKWELL: Thank you very much. And we're always available.

Thank you.

Joanne Jackson, Advocate CDC; Steve Culbertson, Frankford CDC; and Dr. Ramsue, Snyderville CDC. That should CDC us.

(Laughter.)

(Witnesses come forward.)

COUNCILWOMAN BLACKWELL: Next we'll have Andy Frishkoff, Greater Philadelphia Urban Affairs Coalition. And after the Urban Affairs, GPUAC is Gloria Guard and Jennifer Lewis, PEC.

Thank you very much for your patience. We're going to get to all of you and we're trying to do this in a timely fashion. Some of my colleagues had other meetings; they stepped out. So we'll try to get you through it quickly. They will be back.

Thank you so much. Thank you for your patience. We're sorry to hold up everyone so long today. Joanne.

MS. JACKSON: My name is Joanne Jackson, I'm Executive Director of the Advocate Community Development Corporation in North Philadelphia.

Councilwoman Blackwell and Members of

the Committee on Finance, thank you for allowing me the opportunity to address the committee and very briefly address some of the concerns of ACDC. All of us at ACDC are proud of the accomplishments we have made in our North Philadelphia neighborhood. What we have done would not have been possible without the support of OHCD and City Council. We need that support to continue if ACDC is to continue to redeveloping houses as well as to preserve the investment that has already been made in our neighborhood.

In addition adequate funding, ACDC's biggest concern is acquisition. Others have voiced their concerns about that today, and I don't have to re-say that. ACDC also strongly supports its concept of neighborhood planning to develop a cohesive vision and promote orderly development. And we are pleased to have been included along with the Beach Interplex, Habitat for Humanity, and others in one of the new NTI neighborhood planning districts. However, we would have like to have been consulted during the designation process and we would like to know how this designation will affect ACDC. Although don't get me wrong, I believe what Councilman Nutter had to say, that it's better to be on the list than not.

The final point I wish to address is the cost of construction. Given the limited number of CDBG dollars and the scarceness of other resources for housing development, it seems that OHCD, City Council, and the Mayor must address the high cost of housing construction in Philadelphia. No matter what else is done, if construction costs are not reduced, we will not be able to transform our neighborhood in the manner we all hope for.

COUNCILWOMAN BLACKWELL: Thank you, Joanne.

Reverend Ramsue.

REV. RAMSUE: Good evening, Councilwoman Jannie Blackwell and your Committee Members, all other City Council. I am here today. My name is Reverend Carolina Harris-Ramsue, and I'm here today representing Snyderville CDC as the President and CEO.

As my colleague just said earlier,

that, you know, we look at the designation in the NTI book and we see that we come under Jefferson Square. And so we were surprised. We wanted to know how we got there. And to clear record, also in the NTI book, it says that Seventh Round Table developed the Comprehensive Plan, when, in fact, Snyderville CDC was very in a part of this development of the Comprehensive Plan.

The reason I'm here today, because as I look at this document, I see that there's a serious concern in regards to site control. And site control can be a big problems for CDC in regards to housing development.

Also, we look at the whole structure of developing housing and also to do the neighborhoods we see here neighborhood transformation formation, CDC, like somebody said earlier, CDCs are in trouble. I mean CDCs -- I've been coming here for the last 18 years, and CDC needs to have some support. They need to have some operating support. You have all kinds of monies all over the different place, but you can't operate, you can't transform a neighborhood if the CDC doesn't have operating support. Like somebody said earlier, we've taken our monies out of our pockets, we've gone out and begged, we've done everything to support CDCs. And I think that if the City is truly serious about transformation, they need to also look at the operation of CDC and how we survive as an organization.

Economic development is really a concern of ours in regards to the Seventh Street Commercial District. If a neighborhood doesn't have businesses that is alive and well and functioning, that neighborhood is not going to strive [sic]. So we are here today to let you know that we want to allocate -- put that money back in the Commerce Department so that they can look at and other organization that is deal with small businesses so that they can come and begin to develop those corridors so that the community itself can begin to live and be alive and have jobs that produce within the community.

Lastly, I would like to thank the City for the public safety support that they have been giving to these neighborhoods and ask that City Council move to support the Safe Streets and to allocate some funding for those programs because, I'm telling you, this Safe Streets Program is the best thing that has happened to us so far. So we are saying that City Council should really become an intricate part of the shaping the destinies of these neighborhoods. And most of all, you cannot shape these neighborhoods if you don't look at land acquisition and how the process of acquiring these lands and how the length of time and, you know, you have to like skip through hoops and hoops an hoops to get a piece of land to develop. So you have to begin to look at the whole issue of neighborhood development and look at land acquisition, land development, economic development because you can't do housing without economic development. You have to have -- if you want a community to be alive and well, you have to look at all of its parts and then begin to look at its parts and say, okay, how do we bring this community back alive?

And so I just want to thank you, Councilwoman Blackwell, for this opportunity to come here today. This is my 18th time to come here and to tell you that the South Philadelphia community is alive and well. We're not going anywhere. If we have to beg our way through, we're not going anywhere. And so what we're saying to this Council today is to begin to look at the whole package. It's a big package; it's not just a little piece. And begin look at what are the things that we need to do to create more jobs for our youngsters that are on the corners. We cannot tell them to get off the corners if we don't provide a means or jobs for them so that they can go out and work. Because if we don't provide those jobs for them, they're going to go back and they're going to find another means to sell their drugs an to do what they're doing in our community.

Thanks again for this opportunity to come and to speak to this Council and to let this Council know about our neighborhood 'cause, see, we need to speak to people who knows about these neighborhoods and let them tell you what really is going on in these neighborhoods.

Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much. And certainly, we thank you for your work not only in South Philly, but in West Philly and in the Northwest. We've worked with you on all these fronts, Dr. Ramsue and we appreciate it. And please tell my friend Steve Culbertson from Frankford CDC that we're sorry he had to leave.

GPUAC, are you here? Andy Frishkoff?

MR. FRISHKOFF: Yes.

COUNCILWOMAN BLACKWELL: Is PEC still here, Gloria Guard and Jennifer Lewis? Are you here PEC?

Okay. We have GPUAC then Gloria Guard.

(Witnesses come forward.)

COUNCILWOMAN BLACKWELL: Thank you so much for your patience. Please identify yourself and begin your testimony.

Can I have a Sergeant-at-Arms for the for the testimony?

Thank you very much.

MR. FRISHKOFF: Madam Chairwoman and Honorable Members of City Council, I thank you for the opportunity to testify today. My name is Andy Frishkoff. I'm the Interim Director of Community and Economic Development for the Greater Philadelphia Urban Affairs Coalition.

For the past 33 years, GPUAC has worked in Philadelphia to fulfill its mission of bringing together business and community leaders to solve urban problems.

I'm represent GPUAC here today to commend Mayor Street and City Council for bringing about the dawning of a new day for Philadelphia's neighborhoods. Many of us were unsure this day would ever come, but now that it has arrived, we all want to do our part to make sure that it lasts for a long, long time.

With that thought in mind, I would like to touch on two issues that are essential for long-term success of the Neighborhood Transformation Initiative. The first issue is neighborhoods preservation and the second is it importantly role the community development corporations in neighborhood transformation.

Three months ago, GPUAC's president Sharmain Matlock-turner and James Connor of

Beneficial Savings Bank presented to you GPUAC's plans for addressing predatory lending and neighborhood stabilization issues Philadelphia. I'm happy to report to you today that we are progressing towards our objectives, especially the primary objective of establishing an affordable loan program that can help Philadelphia's homeowners to repair and improve their homes without falling victims to predatory lenders.

GPUAC is not tackling this problem alone. ACORN and the Home Ownership Counseling of Delaware Valley have led the call for consumer-friendly home improvement loans that can complement the RDA's existing PHIL Loan Program, and both organizations are helping to guide our process. The Delaware Valley Housing partnership, whose members include Beneficial, Citizens, Commerce, Fleet, First Union, M&T, Mellon, National Penn, PNC and Sovereign Banks, is developing draft underwriting guidelines. The Reinvestment Fund's research into predatory lending can guide the marketing of loans in the program. Most importantly, the Mayor has proposed using NTI funds to develop exactly the type of home improvement loan program that we are seeking. We are in discussions with NTI and RDA staff, and we are hopeful that we can develop a joint program with the City.

I'm here today to ask that you support and try to increase the proposed line items in the Year 28 budget that would allocate $2 million in NTI funds to the RDA to expand the PHIL Loan program and $750,000 for anti-predatory lending initiatives. Funds in both line items will allow to us develop new home improvement loan products and help to stabilize fragile neighborhoods throughout the City. Please be advised, however, that a serious commitment to preserving Philadelphia's neighborhoods will require significantly more dollars during the next several years. I assure you that the payoff in healthy communities and an end to predatory lending will be worth the investment.

The second issue I wish to address, the importance of CDCs, is related the first. If we are to succeed in preserving our communities as healthy places for families to live, then we need strong community institutions in place. With the help of the City and the private sector, CDCs have emerge during the past 20 years as essential community institutions and as effective agents of neighborhood revitalization and preservation. I fear, however, that the City is stepping back from its historic support of CDCs. Here are two reasons for my fears:

First, the City is virtually frozen assisted condemnation for several years, leading to a backlog of requests for land assembly for CDC development projects. The proposed budget for the upcoming year would direct fewer acquisition dollars to specific housing and economic development projects than the City allocated in the past. A decrease in project-based acquisition funding for the coming year equals a decrease in completed community development projects two years from now which in turn means very little neighborhood transformation.

Second, there appears to be an increasing tendency towards requiring developers to have firm financial commitments in place before the City will acquire land for them. This may work for some developers, but as we have heard, it is unreasonable to expect or require CDCs to have financing committed to do their projects prior to obtaining site control. In this catch-22 scenario, CDCs would be frozen out of land acquisition assistance from the City.

In addition to increasing the acquisition funds for CDCs and eliminating funding contingencies for CDC acquisition assistance, City Council should also develop a policy statement that promotes CDCs and other community institutions as preferred partners and contractors for NTI. If NTI funds are available for activities such as greening in a CDC's service area and that CDC has proven capacity in performing those activities, then it should receive priority in any bid for services.

From development to preservation to beautification, Philadelphia's CDCs have proven themselves as high quality agents of neighborhood transformation. When many others had given up hope on our neighborhoods, they remained steadfast beacons of hope. Now that the rest of us are rallying to support their vision, let us commit resources to them to ensure that they continue to shine for the next 20 years.

Thank you for this opportunity.

COUNCILWOMAN BLACKWELL: Thank you very much.

MS. LEWIS: Councilwoman Blackwell, other Members of Council, I appreciate the opportunity to testify before City Council today on the City's Year 28 Preliminary Consolidated Plan and the NTI Program Statement and Budget for Fiscal Year 2003. My name is Jennifer Lewis and I am providing this testimony on behalf of two affiliated organizations. The first is People's Emergency Center, the State's oldest service agency for homeless families which offers comprehensive continuum of care to address the housing, employment, and social service needs of homeless families in Philadelphia.

The second is PECCDC. Since its inception in 1992, PECDC has leveraged $14 million of investment into the West Powelton neighborhood of West Philadelphia.

In Fiscal Year 2003, it is important

for OHCD to ensure that sufficient resources are allocated to the development of affordable and decent housing for homeless and special-needs populations and that CDCs are supported in their effort to comprehensively revitalize neighborhoods. Accordingly, on behalf of PEC and PECCDC, I would like to make the following comments and recommendations for Year 28.

First, we urge Council to support Office of Housing and Community Development's recommendation to maintain the homeless and special needs sets-aside and increase the allocation for development financing for homeless special needs housing to a total of 3 million. It is critically important to maintain a specific set-aside as CDBG funding for homeless and special needs house to better serve homeless individuals and families, people with AIDS, and people with physical disabilities. We commend the City of Philadelphia and OHCD for past support of our Imani Homes Project which provides critical support of rental housing.

Second, we urge the City to continue support for the Greater Philadelphia Urban

Affairs Coalition Blueprint to End Homeless. The blueprint remains an important convene, repository of information, and policy and advocacy resource.

Third, we urge the City allocate substantial resources for acquisition and site preparation and commit to acquisition for CDC projects early in the development process. We strongly support the allocation of $11 million in NTI bond funds for property acquisitions but have significant concerns about how these funds will be utilized. While we agree with the need for the City to be more proactive in assembling land for future development opportunities, including affordable housing development, the $3 million allocated for acquisition for specific residential and economic development project is totally insufficient to address the current backlog. This is especially the case due to the low level of assisted condemnation undertaken by the City over the past couple of years.

We urge the City to allocate bond at least 7 million in NTI bond funds for acquisition for specific developments projects for Fiscal

Year 2003.

Specifically, PECCDC has targeted approximately 90 strategically located properties for future development, projects which would result in ten more affordable homeownership units and 68 to 80 affordable rental units to help the City meet its goal of producing 3500 affordable housing units over the next five years. It is imperative that the acquisition process begin now so that we are in the position to secure the required development funding in a timely manner.

Fourth, we urge City to increase affordable housing production and preservation by CDCs. CDCs have had long-term commitment to identifying ing and meeting neighborhoods needs and have an impressive development track record. We support efforts to lower housing production costs, including the proposed use of CDBG float loan to reduce construction costs and expedite payments to developers. However, if the City is going to better respond to the growing needs for affordable housing and meet its stated goal of 3500 affordable units over five years, it also needs to allocate sufficient additional funding to support affordable housing production.

Fifth, we support the allocation of NTI bond funds for encapsulation and stabilization of properties to prevent further deterioration and keep own rehab costs, as well as efforts to assist homeowners and preserve the City's aging housing stock. We encourage the City to allocate preservation funds not only to stable neighborhoods, but to blocks with few vacant in lower income neighborhoods so that the preservation activities can complement housing development work by CDCs and maximize the neighborhood impact.

Sixth and final, we strongly support the allocation o funding to programs that support CDC efforts to strengthen the City's neighborhood commercial corridors.

We greatly appreciate the past City Council support, OHCD, RDA, the Commerce Department and other City agencies have provided to PEC and PECCDC and the local CDC community. We believe that we have consistently provided an important return on this public investment.

Thank you again for the opportunity

to provide comments for your consideration.

COUNCILWOMAN BLACKWELL: Thank you very much. We thank you for your testimony.

At some point before we recess today, maybe we should ask either Mr. Wetzel or Pat Smith to respond to the issue of CDCs and property ownership, so you can consider that as we move forward.

Terry Mushovic, Neighborhood Gardens Association. Are you here?

Is Theresa Morris, Executive Director and Carol Hemmingway, President of ACORN here?

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: TAG, Anthony Henry, Executive Director, Tenant Action Group, TAG? Tag is next, okay?

ACORN left. Sorry ACORN. We tried.

All righty, Miss Mushovic, please identification yourself and begin your testimony. ACORN left and they are gone. Next will be Tenant Action Group, TAG, Anthony Henry, Executive Director of TAG and all of your folk.

Thank you.

MS. MUSHOVIC: Good afternoon,

Councilwoman Blackwell, and to everyone else here in the room. I'll try to speak loudly and maybe keep you awake. My name is Terry Mushovic and I'm the Executive Director of the Neighborhood Gardens Land Trust. And I'm mainly here to submit a statement but mainly two words can kind of sum up why I'm here. I just wanted to say thank you for the money we received during Year 27. It was the beginning of what we hope will be a continuing support to Community Gardens that are in the land trust for them to make physical improvements. Although gardens are self-maintained by residents throughout the City, it's important in some cases to make larger capital improvements to them such as sidewalks, maybe new street trees and water service installation. And it's difficult for many community gardeners to put those kind of funds together and so we're very grateful to have community block grant money to help that and to also help us raise other funds to do that kind of work.

These gardens serve as resources in their neighborhood. They improve, we believe, the quality of those neighborhoods in addition to the housing stock that's there. And so we believe it's important to try to support them.

Although there are only 24 gardens in its land trust at this point, we are hopeful that through the neighborhood transformation process, there may be other neighborhoods around the City that would like to make the community gardens that they have in existence or that they're starting a permanent part of their neighborhoods and community. This is our primary purpose. And as a non-profit here in the City, we do try to help any and all people take a look at the possibility of maybe making Philadelphia a littler greener in different places.

So thank you a lot for giving me a chance to speak here today.

COUNCILWOMAN BLACKWELL: Thank you so much.

TAG. Then Allison Hughes, Homeownership Counseling Association.

(Witnesses come forward.)

COUNCILWOMAN BLACKWELL: We thank you for your patience, and we like your T-shirts.

Thank you very much for your patience. Please identify yourself for the record and then begin your testimony.

MR. HENRY: Thank you, Madam Chairperson. I'm accompanied this afternoon by Francine Wilson and Delores Baxter, both of whom are tenants who are active in TAG and they will speak after I give the written testimony here.

My name is Tony Henry, I'm the Executive Director of the Tenants Action Group in Philadelphia. I appreciate this opportunity to appear before you today and comment on the proposed Consolidated Plan for Philadelphia.

TAG is pleased that the Office of Housing and community development is attempting through this plan to improve the housing stock in the City and provide adequate housing for its citizens regardless of their status or situation. We are, however, concerned about the proposed budget cuts in two programs which play a vital role in reducing blight and preserving our housing stock, specifically the cuts in funding for housing counseling and emergency repairs in residential housing.

Tenants Action Group began 29 years ago as a citywide coalition of tenant groups committed to improving rental housing conditions in Philadelphia. For 29 years, TAG has been committed to advocating that all Philadelphians have decent housing and to equalizing the political, economic, and legal relationships between landlords and tenants. A key part of this process has been our housing counseling program. By counseling and educating tenants about their rights and about the housing resources, we reduce housing deterioration and tenant homelessness.

Too many tenants TAG encounters Landlord/Tenants Court have not been counseled and know little about laws that protect them. TAG reaches out to those tenants by offering eviction defense workshops several times a week in the Municipal Court building and in our office. TAG even helps tenants caught in immediate crisis by assisting them and paying their rent.

We also conduct tenant rights workshops so that tenants may know their rights and responsibilities. Through our telephone hotline, we answer the questions of thousands of tenants each year who call in for counseling. Tenants who receive such counseling obviously fare better than those who do not and are less likely to find themselves in slum housing or worse, out on the streets. In this way, TAG preserves the housing stock of the City by enlisting tenant action and halting its deterioration, a superior and far cheaper way of preservation than trying to clean up the mess after the housing has fallen apart.

In light of these vital services, we perform in fighting blight and protecting tenants, we were disappointed to learn that OHCD plans to cut its housing counseling budget from $4,147,000 to $3,800,000 in Fiscal Year 2003. As part of this cut, TAG's own housing counseling program is reduced by $100,000. But just as startling to us is the cutting of funds to the Department of Licenses and Inspections for emergency repairs by more than half, from $500,000 to $200,000. This is all the more astounding since L&I is even now unable to keep up with emergency calls it gets from tenants.

All year long, especially in the winter, we at TAG receive an endless stream of complaints from people, disproportionately children and women, about no heat, broken water and sewer pipes and cutoffs of electricity or gas. In almost every case, the problem could have been solved by the landlord paying for repairs that he or she is legally obligated to make but unwilling or unable to do. Such repairs are often inexpensive.

This is where the City should step in with a few hundred dollars, sometimes a few thousand dollars, to restore heat, water, or electricity. But all too frequently, no one steps in. Tenants call the City, we call the City, emergency repair money is not spent and the problem is not fixed and the misery continues. You will hear testimony from tenants today confirming this lack of responsiveness from L&I. We at TAG fear what will happen when there is even less money available. The current L&I allocation is not being adequately used for existing needs. We need to know why before we can consider any reduction in its budget.

In conclusion, we call on this honorable committee to ensure that housing counseling is adequately funded and to recognize that the need for emergency repairs is far from being met. This situation will worsen with the proposed budget cuts. We must ask you to join us in finding ways to maintain these vital services for the people of Philadelphia.

Thank you for your time.

Now I'll turn to...

MS. WILSON: Good afternoon. My name is Francine Wilson, and I do thank you and appreciate you giving me this time to speak. This is my first Council hearing that I've ever attended so this is a little new for me. But what I would like to bring to the Council's attention today is a property at the 1300 block of Lindley Court which is called the Lindley Court Apartments. That property started off with minor repairs; and because those repairs were not dealt with in a timely fashion, they became major. From June or July of last year, 2001, the tenants had no hot water until March of 2002.

The heating system, which was a steam heat system was replaced October the 1st to baseboard electrical units. The units were, from the beginning, installed improperly which raised a major concern. There were several calls put in to L&I to come out to look at the conditions of the property because there were other problems going on at that time and other repairs that needed to be made. There were at that time, about a month ago, about 28 families still living on the properties.

We had gone into court with the landlord. The judge granted us a 60-day unfit notice where we had 60 days to vacate premises which is coming up this June 18th.

Out of the 28 families that were still there, there remains about 18 families. The Tenants that have moved out, moved out in fear that the City would not help us. OESS is at this time assisting us with relocation. We were told that they needed 60 days in order to get us relocated.

We are low income. The average income for any household there is under $23,000 a year. Because of that, we needed the low-income housing. All of our utilities are included in our rent. Our rents range from $425 a month to $600 a month, and that's efficiency, one bedroom, and two bedrooms. There are at this time is about 22 adults and about 30 to 35 children on these premises. There are other violations. I don't want to get into all of the details of that, but just to bring you abreast as to what we're dealing with at this present time.

OESS is at a point now, we have two weeks to vacate these premises and they're not able to get us affordable housing through Section 8 or PHA because of the time frame that it takes in order to have the applications processed. Now, we are faced with having to try to go back into court on June the 14th to get an extension. But keep in mind, the premises are still not safe for our families, but we still have nowhere to go. The only alternative we have at this time is a shelter.

We work for a living. Even though we are low-income, all of the families are working families except for maybe about two or three that are disabled. We have handicapped. We have elderly people on the premises. The elevators don't work so everyone walks the steps. We have people that are on crutches who cannot get out of that building. God forbid that a fire would take place there. There would be some casualties.

I am here today hoping that our Council, upon hearing and knowing what's going on at this property, that somebody will step in and see to it that we can get the assistance from the City that's needed in order to relocate us. When we started with this before it ever went to court, my main concern was, will 60 days be enough to get us Section 8 vouchers so that we can move into housing that's affordable? If we take on use utilities at this time, we are going to be either evicted or out on the streets with our children and nowhere to go because we cannot afford 4 and $500 a month rents even though we're getting assistance from TAG and other agencies to help us get into places. But right now, we have 18 families and we have about 30 to 35 children and nowhere to go.

And I hope that this will open the

hearts of all who hear this. If there's anything that anyone can do in this Council, I would honestly and truly appreciate it.

Thank you.

COUNCILWOMAN TASCO: Where is this property?

MS. WILSON: This property is at 1300 Lindley Avenue. It's called the Lindley Court Apartments. Councilwoman Tasco -- Marian Johnson, yes, she was at a meeting that we did organize and I'm here representing the tenants. And also Rosetta Youngblood's office was there for representation. We also had someone from the Law Department -- I'm sorry, her name is Jalaine Stokes from the Law Department for L&I. Everyone is aware of this property at 1300 Lindley. This has been ongoing for over a year and a half, maybe two years because I know the last year and a half I have called around and called around. And when you get the runaround enough, sometimes they hope you give up. I can't give up. I have a son. The other families that reside on this property at this time have three and four children. When I considered myself, I considered them as well. I wouldn't want no one to go through this. And it was unfortunate because some of the children did become sick through the winter months. I mean, the dead cold. We're heating our house with a stove, a fan, or an electrical heater which is just as deadly as the stove. And you're using the fan to pull the heat from one room to the other, not even considering the structural problems that existed from them changing this heating system over. There are big gaping holes throughout the property itself because of this unit, which is inadequate for heating as well.

COUNCILWOMAN TASCO: Mr. Henry, how is it this gentleman -- and we had a lot of problems with the owner of this property and I can't recall the details right now. Marian Johnson handled this. But how is he allowed to continue to get the occupancy license from the City to operate this facility?

MR. HENRY: This points out our concern about cutting L&I by over one half --

COUNCILWOMAN TASCO: Oh, I agree with you on that. I agree with you on L&I. The L&I,

for me, is one of the most important departments in the City because of what we have to deal and the situations and other enforcement issues in the City of Philadelphia, and I just do not agree with the cut in L&I at all.

MS. WILSON: Actually, L&I don't need to cut; they need to add.

COUNCILWOMAN TASCO: I agree.

MS. WILSON: They need someone to oversee to make sure that these issues are dealt with and handled in an proper fashion.

(Applause.)

MS. WILSON: This landlord in particular has about a two- or three-inch stack of violations. It should have never gone that far. And just unfortunately, the tenants are the victims.

And to address your issue as to how he still has his license, L&I has not condemned this property unfit even though it was court-ordered unfit before Judge Silverstein in Room 275. They still have not listed this property unfit.

COUNCILWOMAN TASCO: Since 1975?

MS. WILSON: No, in Courtroom 275. I'm sorry.

But L&I, for whatever reasons, I don't know, have not listed this property unfit or moved to have this property condemned unsafe. And as it is now, if a fire should take place on that property because the doors -- the locks on the doors are not the proper locks for exterior properties. And anyone can from the inside can let someone in. Once a person gets in, they can go wherever they want. The property is like 75 percent vacant, anyway. You have out of the 18 families that are still there --

COUNCILWOMAN TASCO: Who is the landlord?

MS. WILSON: His name is Ron Nahum.

COUNCILWOMAN TASCO: Do you know how to spell the last name.

MS WILSON: Yes, N-A-H-U-M.

COUNCILWOMAN TASCO: Okay. I just wanted that on the record.

MS. WILSON: Thank you. And there was a time where there wasn't no locks on the door. The locks were just recently put on, but they're interior door locks; they're not security locks. And when the alarms go off, it goes off within each apartment but it does not register with the Fire Department. So you have to call the Fire Department. They have made several records of the fire code violations. No one seems to be interested in this property or the conditions of it and nothing's being done.

COUNCILWOMAN TASCO: And we understand that and it is very difficult. We're asked the same question as to why L&I has not moved on this property. I think you put it on the record today and we may have some movement on that. We'll follow through with that.

MS. WILSON: I sure hope so because we only have till June the 18th to be off those premises.

COUNCILWOMAN BLACKWELL: Thank you.

May we ask Pat Smith if she would see that Rob Hess gets involved in this issue?

MS. SMITH: (Nods head.)

COUNCILWOMAN BLACKWELL: If you would give your name and number to Pat Smith, then she can give it to Rob Hess so we can have ongoing dialogue to try to help you with this matter. We will also keep in touch with Councilwoman Tasco and ask that you do that since her office has been involved and we will support her and you in trying to make sure that these people are secure and that they get decent housing and that during the interim, that they're fine.

Thank you.

So make sure you give your phone number to Miss Smith.

Yes, ma'am?

MS. BAXTER: Good afternoon, Madam Chair, all Councilmembers present and to all others present at this time. I'm Delores Baxter and I'm here to hopefully persuade you and give you some insight as to why it's extremely important that you continue to fund Tenants Action Group and also why it's important for the community of Philadelphia as a whole that they have additional funding and certainly not be cut in any way.

I can echo the testimony that you just heard from my previous residence. A host of violations, not paying their bills so that people were in jeopardy of having water cut off, also of having the gas cut off, the need for repairs that the owners refused to do.

And the point that I'd really like to make is that this is a realty corporation which owns numerous buildings in the City of Philadelphia. Out of those numbers of buildings that they own, I'm aware of at least five buildings that have violations on them and that people were in jeopardy at different times of not receiving those items which they were paying for such as heat, hot water, proper repairs, and things of that nature.

The building that I lived in was a four-story building with two parts which housed approximately 90 apartments . The elevators were not working. As she stated, people who lived on the fourth floor, if there were a fire or anything of that nature, they would not be able to get out of the building even though I know you're not supposed to use elevators in time after a fire. But even in case of an emergency, they would not have access to the elevator. This elevator has been out for years.

But more than that, I'd like to express the attitude of the ownership of this building. They would prefer to carry people to court and evict them than to make the necessary repairs. And this is something that I find inexcusable. I myself was very fortunate through TAG to find out the steps and procedures that I needed to take in order to make use of my rights as a resident and also to put protection on myself to make sure that I had all of my documentation. I made an effort to organize the people at this location, but the problem was that so many people were just totally unaware of their rights, afraid to go to court sometimes in the position of having withheld their rent and needed to spend it for whatever reason. In this location also, people use the gas stove for heat. Some people went out and they brought space heaters. But these people had us in jeopardy. And I can tell of one day in particular that instincts just said to me -- and this is why I say the Creator is always watching over when you're trying to do the right thing. Something said to me, "Go to the window and look out."

When I looked out, there was the Water Department or either the Gas Department, I think, out in the front. They were about to turn off the water. They had one gentleman inside speaking with management to see if they could make arrangements to get a partial payment in order that they would not have to turn the water off.

But I'd like to impress upon you the fact that this is only one realty corporation in Philadelphia. And that people across this City don't know what their rights are. And without having TAG fully funded -- in fact, from my perspective, funded to the Nth degree possible, people will be in jeopardy of being homeless, of not having their rights protected. And with L&I, you have to wait weeks before they are able to spend someone out even to investigate the violations within individual apartments. And this building, in addition to having the violations with individual apartments, they also had fire code violations, violations on the front door, violations on the entire building. And this just ripples across the City.

So I'm hopeful that you will take all

of this into consideration. And even though you're just hearing about two buildings in particular, kindly understand that this is something that people could echo across the City if they had the opportunity to give testimony and to give you insight as to what people have to deal with.

The last day that I went to court with this particular realty corporation, because I was in court with them on two different occasions, because I did have my documentation and I had all of my paperwork together, the Court ruled in my favor. But I would like for someone to explain to me why one corporation would have a listing of 17 requests for evictions on one day and within that number of evictions, they requested three continuance. Myself and one or two other people appeared. And the rest, which was approximately 11 or 12 individuals and families that were under eviction chose not to appear. And in truth, many had already moved but the mentality of this particular realty corporation was that they don't even know who's in their building and who has already left the premises. And even after I went to court and was found just in the withholding of my rent, they continued where they left off with the same billing, the request for the same amount of money, the continuation of late charges on all the payments that were requested. This is the attitude that they have. An even one of the individuals out of their office explained their mentality. "Well, if they don't like it --" they said this about someone who had done some painting for them they hadn't finished paying the people. They said, "Well, if they don't like it, let them sue me, I have three lawyers."

And this is what people are up against. And when you don't have the understanding of how to put protection on yourself, what your rights are, how to go about being in touch with L&I, being in touch with their clerical department so that you can get documentation that you can show in court where you have been violated, people are just in jeopardy and there really is an epidemic in this City of people being homeless and without proper shelter. And for a city like Philadelphia, the

City of brotherly love, you know, an important city in this nation, this should not be the situation for anyone.

And I thank you so much for your patience and this opportunity to testify.

COUNCILWOMAN BLACKWELL: Thank you very much. We thank you all for coming and appreciate the job you've done over the years. We've worked with you forever.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

Allison Hughes, Homeownership Counseling Association.

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: Is Alicia Christian here, Dignity Housing? Dignity Housing, are you here? Christine Verrier, Director of Blueprint to End Homelessness.

(Witnesses come forward.)

COUNCILWOMAN BLACKWELL: Okay, I believe Christine left, Blueprint to End Homelessness left, but did leave her testimony which will be a made a part of the record. We believe gave that to the stenographer. We will make sure you have that testimony. It will be added in its entirely into the record.

After that Community Land Trust next.

Thank you. Thank you for your patience. Please identify yourself for the record and begin your testimony.

MS. HUGHES: Good evening, Councilwoman Blackwell. My name is Allison Hughes the Executive Director of the Homeownership Counseling Association of Delaware Valley, and I am pleased to be joined here today by my associate Ruth Gaskins of the Urban League. We are with the Housing Counseling Association. It's a membership-based organization comprised of 30 nonprofit agencies throughout the five-county area. Twenty-two of our member agencies are located in the City of Philadelphia and receive funding from the Housing and Community Development.

Our members play a crucial role in helping low- and moderate-income families achieve and maintain the dream of homeownership. We appreciate this opportunity to provide input today on the City of Philadelphia's Office of Housing and Community Development Year 28 Consolidated Plan. We are very proud to be part of the nation's largest homeownership initiative. HCA applauds Deborah McColloch and her staff of OHCD for their support of community-based housing counseling programs. OHCD generously provided funding for HCA to develop and to deliver anti-predatory lending training in order to build the capacity of our existing counselors to work with predatory lending cases. We hope that OHCD can in the future continue to support our association and activities that will continue to build capacity in counseling services.

While the availability of counseling is commonly known, there are several facts about the impact of housing counseling that are not common knowledge. For instance, in contract Year 26, housing counselors helped over 32,691 households with housing issues ranging from tenancy, pre-purchase, post-purchase, mortgage defaults and predatory lending. The counseling programs today have matured far beyond processing settlement grants for mortgage-ready applicants.

For most of our families, the process of purchasing a home may require two or more years of intensive counseling so that they will be ready to start the home-buying process.

Another misconception about housing counseling is the assumption that since the number ment assisted grants has declined that there is less of a demands for pre-purchase counseling. The reduction of the settlement assistance grant to $800 coupled with the more extensive lead paint inspection is not enough of an incentive to entice some home buyers to use the programs. Many Realtors actually discourage potential homeowners from working with the program and offer seller's assistance in lieu of the grant. ACA urges you to explore ways that the grant may be restored back to $1,000. The overall demand for housing counseling remains strong. FannieMae, FreddieMac as well as most lenders now require housing counseling in their affordable mortgage programs, and we have experienced a tremendous growth in delinquency default counseling as well.

Therefore, we are saddened at the

loss of counseling dollars. In the past two years we have watched member agencies struggle to accommodate the demand for this more intensive counseling as well as address new problems such as predatory lending without additional staffing. We are concerned that without new resources to fund additional staff and living wages as well as benefits for counselors, we will begin to see our counselors leave or burn out.

We are also concerned with the cancellation of the Tier III Basic Systems Repair Program for grants up to $25,00. Given the age of our housing stock and the knowledge that we have programs which give low-income families vacant properties and expect them to rehab those properties within five years, most of these homeowners lack the financial resources or the skill to successfully restore the properties on their own. Without the higher level of grant, we're really setting people up to fail. Perhaps we can look at some other mean for replenishing these funds.

COUNCILWOMAN BLACKWELL: Thank you.

MS. GASKINS: Good afternoon, my name

is Ruth Gaskins and I'm the Housing Director of the Urban League of Philadelphia.

Councilwoman Blackwell, to the Finance Committee and to those remaining Councilpeople, it is a pleasure to speak to you today.

I'd like to tell you a couple of things. First, I would like to thank Council for your foresight and your support in passing Bill No. 000715, that's predatory lending. And you know, Marian Tasco, Councilwoman Marian Tasco supported and spearheaded that particular bill. Even though the bill was overturned by the State, we continue to see parts of our model used in other states. As a matter of fact, a few minutes ago I heard Andy Frishkoff from GPUAC speak of his bank investment plan, which is part of an endeavor that Marian Tasco's task force has spoke and convened many lenders throughout this City to explore ways in which we could help those in predatory lending. And one the things that we talked about was coming up with a product whereby we could assist those in need.

I would like to tell you some of the

things that the counseling HCA and its members, OHCD-sponsored members are doing today in fighting and combatting predatory lending. To date, we have trained 50 OHCD-funded counselors in predatory lending awareness and prevention measures. Sixteen counseling agencies have been designated as specialists in this particular field so that they can assist those who are victims of predatory lending. We will continue to provide additional training to all of OHCD's counseling agencies as they are needed. Our efforts have yielded such things as refinancing victims out of predatory loans by using the Home Equity Prevention Loan Program model with reinvestment funds and beneficial savings. We've also refinanced them with some, believe it or not, other lenders who are not prime lenders but it was the way to get them out of a bad loan.

The funds we need, and we need additional funds to support this effort. We've educated many clients against engaging in predatory loans and we're looking at them to make them mortgageable with the prime lenders, thus avoiding unnecessary fees and other experiences -- unwanted experiences and unwanted fees.

One of the things or one of our experiences that I would like to talk about today is the fact that we were able to assist two police people, a husband and wife team. I didn't say policemen, so it's police officers, that's the right word. Husband and wife, recoup $8,000 in payments resulting from an inflated appraisal on a house with glaring repairs that was not done. Certainly, they were a victim of predatory lending, too. It's simply to dispel the fact that it is those that are unknowing and old -- at least that's what they were saying, those are the prototype. It can be anybody that receives the mailing and anyone that gets that telephone call or anyone that listens to the techniques and fraud taught and experts from lending institutions or from the different Realtors.

One of the things that we would like to suggest is additional funding in the PHIL Loan. But, you know, in getting additional funding in the PHIL Loan, we must do something about the underwriting guidelines. We would like to applaud Pat Smith and NTI for some of their changes that they've made in the interest rate. That's great. But however, if something is not done to relax the underwriting guidelines for the lenders, the program will not serve the needs of the community. We're simply asking you as counselors that we be involved in that discussion in creating a document or creating ing that product to fit those victims of predatory lending.

I know the term "bailout" is not politically correct; however, call it anything you'd like. What we are seeking or what we're asking is that we're in desperate need of a program to rescue victims of predatory lending. My suggestion is that we look at the banks and of course and that program of GPUAC and we look at the bank when they talk about credit worthiness. We need to help them create a program whereby you do not look at today's credit worthiness of the person who has been a victim, but we must look past, we look before they became a victim as to he they respected and paid their bills and it should be based on that and not today's credit scoring.

Again, we urge you that if doing that, in creating this document and creating this, please involve counselors because we have become experts in dealing with people who are victims of this predatory lending. Many of our victims have been scammed by the home inspection and contractors. What we've asked is that we need from our inspection program, our home inspection program, we need to work with them so that we can create a product whereby when a person is a victim of predatory lending that we can send the home inspector out to actually assist us in saying or determining what's best suited for them in getting out of this. We also need assistance in getting the information to the public.

Well, rather, we use what OHCD has done before, and that is the gas bill and putting the notices there, or other public media, we really would like for City Council to encourage and help us in getting the message out that there are agencies and there are people who are trained, willing, and able to assist those who are victims of predatory lending.

Thank you so much for your time. And we will give you this written report.

COUNCILWOMAN BLACKWELL: Thank you.

Ear ear: I just have one other comment in reference to the $750,000 for the subprime product. That's considered to be a preventive. There is no money that has been really put aside for bailout or rescue. So our problem is we have families that are in our offices every day, they can't wait another six months to a year; they won't be in their homes. So we really need to move up the priority of bailout or rescue or whatever we're going to call this product.

COUNCILWOMAN TASCO: I'd just like to say thank you to both of you. And, certainly, thank you, Ruth, for participating on the task force. I am very keen on this whole issue of predatory lending and counseling. And I will caution all of us in this room that we don't let our counseling program get tainted by the counseling programs that are misleading people. In some way, we have to send a message that our counseling services are basically low cost or no cost. And they just did an expose on 20/20 -- on, I think, Channel 6 about debt counseling. And I don't want our counseling programs to fall into people get confused and think that they go to our counseling programs or they're going to a debt counselor they have to pay and they're going to get caught up in all of the trickery by some of these debt counselors. So we need to have some public, public education about the value of counseling, the value of receiving counseling from a City-funded counseling agency and that for the most part, that counseling is free. And so, when I heard this story on television, I said, "Oh, dear Father, we have another problem here because we could be confused, our counseling agencies, with these debt counselors who charge a monthly fee and get people deeper into debt. I mean, there's no end to at least scoundrels. I just wish I could wipe them off the face of the earth.

Thank you very much.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you.

And would you respond to rescue or bailout programs when you respond to the issues?

MS. SMITH: I will.

COUNCILWOMAN BLACKWELL: Thank you. Thank you very much.

We did call Vivian VanStory, Community Land Trust. After her EPOP, Bob Smiley, Eastern Pennsylvania Organizing Project. Gordon Whitman, Michael Cunningham. So EPOP, you're next.

(Witness comes forward,.)

MS. RIPLEY: I'm speaking for Vivian VanStory. My name is Denise Ripley and I'm a concerned citizen of North Philadelphia.

Thank you, Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you for your patience.

MS. RIPLEY: And Councilmembers. I'm testifying on behalf of Vivian VanStory. Proposed Consolidate Plan Fiscal Year 2003. Miss Vivian VanStory has been a director of the Community Land Trust. She has served the organization of North Philadelphia, Central Philadelphia neighborhood which is bound on North

Philadelphia by Cecil B. Moore neighborhood and on south by the Francisville community for more than ten years. She comes before you today to seek your assistance in helping to ensure the long-term viability of North Philadelphia by assisting us with acquisition and rehabilitation of vacant and abandoned properties within this community. It is our goal to rehabilitate these properties so that they can provide home ownership opportunities to working families. Current property value in the area are sufficiently below those in surrounding areas. With financial assistance from the City, we can begin to take steps over the next five years that would lead to an increase in property value, thereby leading to an increase in private-sector investment in the area.

There are about 100 homes in the neighborhood that would like to be preserved and renovated over the next five years. Unless these homes are renovated, they will become a cancer on the area and help to destabilize the area further, reduce property value and sale prices. We would like to start with the renovation of eight properties in the area. Renovating of these strategically located properties, 1828, 1830, and 1832 Girard and 1800 and 1809 and 1812, 1840, 1824 Master Street, would serve as a catalyst to help spur other developments in the area and to supplement the work the City has supported and plans to support in nearby communities.

The Office of Housing and Community Development proposes to continue homeownership development in the lower North Philadelphia area as part of the Home in North Philadelphia Initiative. The renovation of the eight above-mentioned properties coupled with the preservation and upkeep of open space, which has long been our forte, would ot only help to stem the tide of abandonment, it would also support the important work that is being done by the City in Homeownership Zone in the Cecil B. Moore area which, immediately abuts my neighborhood.

Renovation of vacant homes in North Philadelphia is critical in that will also help to supplement a second phase of the Homeownership Zone, which would include sites on Bovier from

Master Street to Montgomery Avenue and west of the sink ironwork site, from 19th to 20th Street, on Harlan Street, Sharswood Street and Jefferson Street. It would also help to support the popular Nehemiah venture and the Master 2000 development.

Thus, as you can see, the activities I'm proposing to undertake represents a logical extension of the work that the City has already initiated in previous years, as well as the work it proposes to undertake in the Year 28 Consolidated Plan. The area bounded by Master Street on the North, 20th on the west, Girard in the South, and Broad Street in the east, is critical to the financial and technical assistance my organization stands to undertake the much-needed preservation work in this area.

During Year 28, we are requesting funds for predevelopment activities so that we can acquire the first eight critical buildings and their modernization. Additionally, we are requesting funds during Year 28 so we can develop a comprehensive neighborhoods revitalization plan that would enable us to undertake the following planning activities that would lead to a more large-scale revitalization initiative:

Establish a current database of information relative to the housing stock, demographics, land use, economics, and human service needs of residents of the targets area in which to base the master plan activities.

Create a vehicle for effective participation by neighborhood stakeholders in the development and implementation of shared vision for the neighborhood.

Create a blueprint for action in the form of a five-year comprehensive revitalization strategic which addresses the physical, economic, and social needs of the community.

Develop a projection of the financial cost and components of the implementation plan and a strategy for raising necessary public and private capital over a multi-year and multi-phased implementation period.

Create a documentation that will articulate vision and strategies as to form the basis for campaign to secure the necessary political support to launch the redevelopment effort.

Conduct a market study of the area to determine needs for various services.

Conduct assessment of the availability of supportive services in the area and develop a comprehensive community and supportive services program to address the needs.

Acquired through negotiated purchases, in conjunction with the City of Philadelphia eminent domain, donor-taker, sheriff sale, Vacant Property Review Committee.

Undertake any environmental reviews required to implement a specific development project.

And identify potential investors for participation in its financing of a specific project.

Prepare applications for financing as needed to ensure that adequate funding is available for each designated project.

I would like to thank you for the opportunity to speak to you today, and I look forward to working with you to improve the lives of the residents of the North Philadelphia community.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you so much.

EPOP. Councilwoman Tasco tried but she had to leave. She so wanted to hear you. Please come forward, you're next.

They left? Okay.

I'm sorry, yes, sir.

MR. SMILEY: I'm Bob Smiley from EPOP.

COUNCILWOMAN BLACKWELL: Okay, you're there and Judith Jamison, your next. Please begin your testimony. Thank you. Talk right into the mic because we're having a hard time hearing you.

MR. SMILEY: My name is Bob Smiley. I represent St. Joe of EPOP which is in Frankford. We joined EPOP over three years. We're one of 27 member organizations representing approximately 35,000 people within the City. When we joined EPOP we were concerned by the parishioners expressions that we had abandoned housing, deteriorating housing. And as a result of that concern, we organized a project where we would go about and take survey what the problem was in our neighborhood. When you go through Frankford, you will not see large stretches of abandoned property, but what we found was that at that time we had over 50 houses that were abandoned in clusters of one or two or three over blocks, possibly over a square mile. And that was surprising to us. People didn't realize that the situation had become that bad. At the same time that we undertook our project, EPOP as a group went into a project with Temple University Center for Public Policy and we joined that project because it was similar to what we were working on. And the result of that project was the blight study that they published last October That's titled "Blight-Free Philadelphia Public Policy Private Strategy to Create an Enhanced Neighborhood Value."

What our parishioners told us as a group and what we believe this report has underscored is that if we don't address this blight situation in Frankford today, we're going to have twice as many houses to look at five years from now. This is not a situation that's going to go away by itself.

While we are now in partnership with Frankford Community Development Corporation and we've developed a plan to rehab a hundred houses over the next five years, that was the core of the plan that we see that has now been adopted by NTI, and certainly we endorse NTI because of that.

We've been working with City Council and people in the Administration over the last 18 months from the time that NTI was an idea. And we found that there were some improvements made along the way and we're very happy to see that. Our belief is that employee-assisted housing and anchor institutions as part of the NTI strategy is critical. We hope that the City can move that along and invite nonprofit institutions to participate in neighborhood revitalization. The City can't do it by itself. It will take other stakeholders to be involved. We're also happy to see there's a larger number of encapsulation and renovation properties involved in our area. It's important that stabilization strategies be done on a large scale so that people can see it has an impact in the neighborhood. It's an important goal in getting people to reinvest in the neighborhood. Homeowners and businesses will invest money to improve their property if they see that there's improvement taking place.

So we would like to endorse NTI and we encourage you to move on this as quickly as possible.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you so very much. Thank you.

Judith Robinson.

(Witness comes forward.)

MS. ROBINSON: Good afternoon.

COUNCILWOMAN BLACKWELL: Good afternoon.

MS ROBINSON: I'm here to testify regarding 020275 and 020285. My name is Judith Robinson, and I am quite upset today because I learned something in this hearing that quite concerns me.

First of all, I'm very concerned and offended that you all would move forward in spending 25 million-plus dollars on demolition and all of the housing preservation programs combined only equal up to $11 million. That's the first thing I'm really offended by. Then find out today that basic systems repair funding has been reduced, and you know it's always been at least two, three years behind and always runs out of money in the middle of the year. So how is that allowed to happen? I understand that you all are going to move forward today, probably at the end of this session, you're going to vote, you're going to pass this bill; and we, the citizens, are going to be hit with all of the things that you heard folks talk about today. I don't understand how you all as Councilpeople in a responsible position could allow this to keep happening. You keep moving forward voting on these things year after year. Although I will respectfully submit that you do have some Councilpeople that do dig deeper into the finances as it relates to each one of these budgets each year. I really do respect those of you that ask those very in-depth questions and then send these folks back to get answers.

I'm really concerned about the fact that L&I Emergency Repair Program has been reduced, another preservation program. All programs in the name of preservation, in the name of housing preservation have been reduced, and we move forward with $25 million to tear down and we don't know what, we don't know what projects will be developed in place of these houses. All this is very vague. And after two years of the dog and pony show from the NTI group, we still don't have answers to see some of these very basic questions.

I'm going to switch to community planning because that's one part of NTI that was supposed to be one of the basic foundations of NTI. It's an insult that the people of the 5th District at this hearing today found out that our Councilperson, Darrell Clarke of the 5th District, has already run ahead and signed onto demolition. We had a meeting in the community. We had three meetings so far. We had one in early April, I believe it was April 4th, a large meeting at Strawberry Mansion High School, and it was a general community meeting. We did not get very specific about the details of NTI. At that meeting, I asked my Councilperson for the list of the properties to be demolished. We went back and forth on this; where do you go to get it, do you get it from Licenses and Inspections or can you get it from the Councilperson's office? I don't have time to play these games.

Second meeting, April the 30th, okay, at 32nd and Montgomery. Finally we get a list of the properties, 39 properties to be demolished. Of that list, 12 of them were PHA-owned properties or City of Philadelphia. I have a violation from one of those properties that is owned by Licenses and Inspections that I want to go into the record because since 1987, PHA was aware of the violations on that property. The property address is 3221 West Berks Street. And the violation was rotted porch pillar is leaning and causing porch roof to drop. Repair porch pillar or remove porch pillar and porch roof. That was basic back then. PHA has been getting millions of dollars, billions at this point and they haven't been taking care of their inventory. It's like our community has been systematically targeted to just tear it down. And every block where these 39 properties are listed -- with my background in real estate, I tapped in my computer and I see where City of Philadelphia and PHA already owned properties on those blocks and they were blighted, they were left to be abandoned and here we are now years later from 1987 till now? Now we're talking about demolishing some more? Meanwhile, the Mayor who was our Councilperson at that time did nothing to protect us.

You all must protect us. That is unfair what is going on right now. And then to have our councilman move forward in the process where we're sitting up at a community meeting like we're being respected and he's already signed the document to have these properties demolished. That is totally wrong. And if you all vote yes to that money moving forward, you are leaving us open to anything that can happen to us because we are not respected in our community when things like that happen and demolition is moving forward and we can't stop it. The person that is my Councilman's liaison in his office when you call to try to get demolition stopped or to complain about the conditions that some of these contractors have left, we cannot get any respect. This is out of order. It's very much out of order. And I plan along with my neighbors to do everything necessary legally to stop what is happening because it is wrong. And it's no respectable community planning that could takes place in this June meeting that you all have planned coming up, the NTI team has planned coming up, because you already have moved ahead. And we said that in the meeting: You sound like you have moved ahead. And in fact, you have. And our councilman is running ahead trying to get this demolition list approved because he's already signed up for those properties to be demolished. And then after the fact, if we choose to possibly maybe some of them can be taken off the list and half of them or a substantial portion of them are owned by PHA and the City of Philadelphia. Please.

In addition, there is no concrete evidence that the properties are eminently dangerous. There's no documentation. What I do, you all, and I'm very thorough because I don't have time to waste. Whenever I see a property on a list, I go down to Licenses and Inspections and I call for every violation. And you think a pillar, a roof, a rotted pillar or porch -- a porch is not a structural part of a house.

You know, I really hate to get too upset about this because, you know, we have to all live together in this City here and I really don't want to get so bent out of shape about this that I appear to be disrespectful of this Body, but this is very disrespectful of the community.

The NTI Program is very vague in details. The community planning process is very disrespectful. There is no plan development, Even for market-rate housing.

There was a article today about the gentleman by the name of John Ruskum (ph) who wants to develop on some land in Brewerytown area. That is some land that was given a TIF the Brewerytown TIF two years ago. We didn't even know the land was now being -- has been sold to a private developer. That's not the land that time that these 84 properties are being demolished. This is not the land to do that development. I thought this is what NTI was all about, to bring market value housing back, to transform our neighborhoods. All they're doing is just demolishing properties. And unfortunately, a substantial number of them are under public ownership. That's disrespectful.

Then if any agency should be streamlined, it should be PHA; it should be PHA. All of those millions of dollars that they get every year and have been for all of these years and then to turn around and have them be a major part of NTI demolition. How can you all allow that, how can you all allow that? And some of you all have been around here long enough to know these things. And let's not just move forward and keep passing these bills like it really is not affecting the lives of people. It's nothing wrong with the land of North Philadelphia, West Philadelphia or any other neighborhood that's blighted. It's nothing wrong with the land. If you move the people, if you transform the houses, I guarantee you other people will be moving in that same space and making a go of it and making a neighborhood of it. So let's not be disrespectful of people because they don't have the money. We didn't set up our tax rates. And in a lot of cases I'm seeing now, we didn't systematically destroy our neighborhoods. I would like to see which came first, the City-owned properties being demolished or the private people that left after their block was blighted. That's what I would like to see.

There is no real -- there was nothing offered to the prototype area for property stabilization or encapsulation, nothing. Not one property was presented to us as being available for encapsulation, but a list of 84 to be demolished. No program was offer to us for stabilization of our commercial corridors even though we have a proposal -- we're going to have a new library on Lehigh Avenue. Blight all around it and they're ready to plop a brand-new library. So we had to galvanize as a friends group to protect that. Although we're happy it's coming, believe me.

The CLIP Program is great, it really

is. I'm really happy about that. I don't want to pretend I'm just upset about everything. However, the CLIP Program should be common all over the City. Public education about do not litter, vandalism, galvanizing a whole team to come in and handle nuisance all at one time, all in one place; that shouldn't be something only in the 10th and the 6th district. It should be all over.

In addition, HRP is tied only to the properties that are stabilized. So we need to be real careful about what properties you're stabilizing because that's tied directly to that.

The PHIL Loan. Nothing about the PHIL Loan has changed except the interest rate, and that's a good thing. However if the criterion to qualify for a loan are still A products and they're not subprime, not predatory lending -- ing I was a mortgage broker, I am a mortgage broker; I have been for ten years. It's nice to ask a counselor, but why don't you ask somebody that packaged loans, what criterion should be used to determine what's A, B, C, D credit and then set up a loan pool fund. Stop with all this consultation and counseling and all of that. Get to the meat. You all work very hard here putting together a predatory lending bill. However, I knew as someone that's licensed as a broker from the State that you all didn't have jurisdiction. I said that. That's one thing I agreed with the Mayor on. However, now that you have the opportunity to really do something about anti-predatory lending product, make sure that this Administration puts some money, take some of the this $25 million and takes some of those millions and put them in a real pool of funds and then set up for criterions for people for them and give people the loans or grants or whatever or take some of this money and put it in Basic System Repair because some people cannot even qualify for a loan. They just don't have a the income. Ask somebody that really knows. Because, I mean, you spent a lot of money. What, half a million dollars went into counseling. And you could counsel all day long but you still don't have no money to offer these people. As a matter of fact, on Page 3 of the budget and statement for NTI, it states it.

There's no money, there's no access to money. Therefore, duh, then you give us more of the same, a consultation program. Give us some money 'cause that's what's needed.

Also, I think you all need to really consider letting the market work. I hear how somebody wants to borrow money or get money from NTI pay it back later and all of this. If you would let the market work, you would know that there's a program called FHA 203K. All you got to do is hook a buyer up with a seller. The house might not be in the best condition. The buyer gets the loan. They have a special inspector come out. It's a FHA product so it's government protected. And the buyer takes the weight. They get a mortgage. You don't have to put a dime into that. So what is all this stuff, you know, we're talking about counseling people and you could go and do a loan where somebody could benefit, get money for the mortgage and the cost of repairs and that's it. They're the ones that pay it back over a 30-year period. And the default rate is lower than the regular FHA program because people don't have to spend money doing work later. It's already done before they move into the house. And this is not something that will be talked about in the NTI.

The employee-assisted program is great. I've used it many times with University of Penn. If Temple University had the same type of program with some money attached to it, however NTI could help with that, it would be great. I could sell homes right in my neighborhood. I could market Temple University, okay, because I would have a product to tell people about. It's a great thing; it's a great thing.

There is no money available for me, someone like myself to educate my community, no technical assistance funds available for helping me to help my community protect themselves. But you know what, I'm not here today looking for money. I'm just saying I am a little tired of spending my own money and then to be disrespected and I feel betrayed by NTI team because they came to our community as though we have some input. And yes, I am unabashedly asking for funds available for me to galvanize my community to protect ourselves. And I'm coming to all of you all as Councilpeople to ask for some of those dollars, you know, walking-around dollars, whatever you call 'em, to help protect my community because I see now that we cannot rely on these folks that have represented to us as truthful agents from the government to tell us about transforming our community. We cannot accept that. And I do have a witness here that was at the meeting where our community said, we do not want a major demolition program going on in our community. They said it. We told our councilman that. And then to come here today and find out that we have been betrayed, you know? It's really a bit much, but I really thank you all for your time. I want to put this in record about properties that the City has owned, PHA and City of Philadelphia violations. I want to also put this list of the properties that we were presented at the two meetings to show how many of them are PHA and City of Philadelphia-owned. And I thank you all very much for your time.

COUNCILWOMAN BLACKWELL: Thank you, Miss Robinson.

(Applause.)

COUNCILWOMAN BLACKWELL: Catherine Newland, Associate Director of Philadelphia Green. Is Farah Jimenez director of Mt. Airy neighbors here? You'll be next after Miss Newland. Thank you.

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: Please identify yourself for the record.

MS. NEWLAND: Hi, I'm Catherine Newland, Associate Director of Philadelphia Green, Pennsylvania Horticultural Society. And I'm here to talk about Community Development Block Grant Year 28.

The Philadelphia Green Program has been working in the City for nearly 30 years helping neighborhoods residents, community organizations, City agencies and other groups to create and maintain quality open spaces. These projects range from small community gardens on vacant lots that help to improve the appearance of a neighborhood block to large landscapes within public realm such as Art Museum and Penn's Landing. Through Community Development Block

Grant dollars, Philadelphia Green has been able to carry forward its mission of improving the quality of life and building community through horticulture. Our work touches nearly every corner of the City. We support the grass roots efforts of hundreds of neighborhood volunteers and create maximum impact by establishing strong partnerships with various City agencies, neighborhoods institutions, corporations, other nonprofit organizations, and the business community. We very much appreciate the Community Development Block Grant support provided to Philadelphia Green bit Housing and Community Development over the years. We have put these resources to good use and have been able to leverage Community Development Block Grant dollars and significant support from foundations, businesses, and other entities in the private sector.

Over the past several years, Philadelphia Green has focused greater attention on the problem of vacant and abandoned land in the City. The nearly 31,000 vacant lots scattered throughout Philadelphia's neighborhoods diminish quality of life, depress property values and frequently overwhelm redevelopment efforts. Along these lines, Philadelphia Green continues its work in the New Kensington neighborhood in partnership with the New Kensington CDC to permanently clean and green this neighborhood's 1100 vacant parcels. As an initiative that has been supported by OHCD, we're happy to say that the partnership has to date successfully treated over 60 percent of these lots. As a result, residents who were thinking of leaving the neighborhood are deciding to stay. Side yards have been conveyed to resident homeowners, putting these once-abandoned properties back on the tax roll. And local businesses are beginning to go invest in vacant land as a means to expand and support their business needs.

The New Kensington experience served as inspiration for vacant land stabilization program in the American Street Empowerment Zone. With financial support from the Empowerment Zone and matching resources from the City's Department of Streets, the William Penn Foundation and the Pennsylvania Horticulture Society, over 12 acres of land representing over 300 lots were cleaned and stabilized with grass and trees. This effort was accomplished in partnership with four neighborhood organizations: Association for Puerto Ricans on the March, the Women's Community Revitalization Project, Norris Square Civic Association and Kensington South NAC. These organization engage community residents in the planning process, identified potential sites, and now manage the maintenance of these sites using funds provided by the Empowerment Zone. This model has provided significant insight regarding the needs and methods for establishing a citywide vacant land management system.

For too long, acres of land within the City have been abandon and hidden under piles of rubble and debris. Through this vacant land management process, the land has been revealed with all the potential and opportunity it has to offer. Whether in the neighborhoods or in the downtown area, we at Philadelphia Green believe that quality landscapes and urban open spaces are an integral part of a vital city. Properly developed and managed spaces, of course, improve the physical appearance of the area, but more importantly, such efforts are also attractive. They attract new residents, attract new businesses, and attract new investment in the City. A recent survey conducted by the National Home Builders Association indicates that proximity to well-maintained neighborhood parks and other open spaces is one of the top factors that determine where people choose to live.

With over 10,000 acres of park land within its boundaries and the opportunities for redevelopment and open space presented by the abundance of vacant land, the City has some true assets that cannot be ignored. For Year 28, we at Philadelphia Green advocate for expanded Community Development Block Grant support of neighborhood-based vacant land management efforts. The opportunity is now. The problem of vacant land has finally been put in the spotlight. And the Mayor's Neighborhood Transformation Initiative is actively pursuing solutions. Most importantly, our experience to date demonstrates that neighborhood-based organizations and their constituents are ready and willing to provide their support, but they cannot go it alone. We have found that when thier dedication and motivation is matched with some resources, the progress they make in this area exceeds all expectations.

We look forward to continuing our work with OHCD and the neighborhood organizations throughout the City to advance the cause of vacant land management. Let's keep Philadelphia on the cutting edge of this very significant urban issue and maintain Philadelphia as the model that other cities follow.

Thank you very much.

COUNCILWOMAN BLACKWELL: Thank you very much. Thank you for the good job you do.

(Witness comes forward.)

MS. JIMENEZ: My name is Farah Jimenez (ph), I'm the executive director of Mt. Airy USA, which is a community development corporation in Northwest Philadelphia. We've been around 21 years and have been working to improve the quality of life of residents of Mt. Airy. Our work has focused primarily on the transformation of our long blighted commercial corridor which is Germantown Avenue, but in addition we've provided summer jobs to 150 high school students and educated more than 1,500 first-time home buyers and most recently did an educational seminar for older homeowners called the "Money Matters" which address anti-predatory lending issues of which we had 125 older adults.

First of all, I just want to say you've been thanking us, Councilwoman Blackwell, for your patience, but I want to do in turn thank you and those who are here representing all the because I know it's a yeoman's job to sit and listen to testimony for as long you have all day. So I thank you for your commitment to this process.

I know a number of CDCs have already spoken about the things that we are supporting in the NTI Program. I'll reiterate them because they're worth reiterating. Really, I think it's important that NTI does the work of creating an MIS system for tracking vacant property and development projects, probably something that's long overdue. So we're really supportive of that as well as the allocation of $11 million in NTI funds for property acquisition, the use of neighborhood planning as a basis for prioritizing the implementation and allocation of resources, and most importantly, an increase in funding to the Homeownership Rehabilitation Program. In addition, however certain areas that you've heard us all talk about in terms of places where the devils in the details and that we would like to see some improvement in the details. I won't go into depth about them because you've heard them before, not the least of which is acquisition -- and I hope, Councilwoman Blackwell, you had extended an offered for Pat Smith to come and speak about that issue. And I hope, I guess, at the close that maybe she'll address some of those, that acquisition issue from the perspective of NTI. But in addition, you heard about need to increase the per-unit subsidy for the HRP Program and we're supportive of that as an entity that counsels a lot of clients who go through that process. And also as a neighborhood where all the mod rehab projects have already been snapped up and what's left are the fire-damaged oversized twins on you Upsul street and long-abandoned and need of substantial rehab row homes on something like that Weaver Street. So the per-unit subsidy is something we'd really like to see increased.

But in the context of Mt. Airy, one of the struggles we've had with the NTI Program is that it doesn't speak to the theory of change in a neighborhood like Mt. Airy. The reason we were created was to focus on improving and revitalizing our blighted commercial corridor. And the feeling was that if we impacted the blight on the commercial corridor, we would be able to address the blight on the unit blocks because much of the residential blight in Mt. Airy is really contained to those unit blocks which speaks to the fact that we've got commercial corridor that's struggling and is, therefore, creating a disease that's corroding the rest of the community. So if we're able to improve commercial corridor we'll be to stabilize residential vacancies. So one of the places for where NTI is fairly silent is on the issue of economic development and investing on commercial. Corridors and more frightening is the fact that there's actually been a reduction in the amount of monies allocated to the Commerce Department which, in my opinion, is one of the strongest agencies that we have with respect to economic development in the neighborhoods. So I guess my focus would be that -- I'll speak a little bit what we've done in Mt. Airy.

We've just recently completed an 18,000 square foot office and retail complex along Germantown Avenue. Many of you may know it as the Wagon Wheel. We've since renamed it Phoebe Commons in honor of a runaway slave that had been sought but in that area. But Phoebe Commons is an example of what happens when the Commerce Department and PIDC are able to use their tools effectively and have sufficient resources to partner with Community Development Corporation like Mt. Airy USA. With the $250,000 that received in neighborhoods development grants, we were able to get a two for one match from the State. So means the State kicked in arrest $500,00 and we were get an additional equity from private sources in order to be able to complete this project. And we took what used to be in essence a one-acre blighted area and converted it into what many are now viewing as the flagship for Germantown Avenue. It's a gorgeous building, and I invite you all to go out and take a look at it if you haven't. The comment I often get, and it's still not completely done is that it's absolutely beautiful. But more important than it being beautiful is that it's bringing new retail, new services, new jobs, new contracts with landscaping services and cleaning services and maintenance crews to Germantown Avenue. And I'm really proud to say that were it not for the fact that the City had kicked in the dollars to make this project possible, we probably would have gone the way of a private developer which immediately start leasing to whomever knocks on the door firs. And in our instance that was hair salon, day care, laundromat and dry cleaner. And inside what we're able to bring to the neighborhood are state government offices, a new and improved retail post office which is not just a movement of the existing, one but new jobs because they're expanding their services in the neighborhood. A new branch of the Philadelphia Federal Credit Union, a new branch of Nationwide Insurance, and we're hoping an Italian restaurant. So it just gives you an example of what happens when the City invests in projects that CDCs do because not profit motivated in the same way that a private developer is. We're more global in the way that we approach our projects and we're willing and need to carry projects so that we can bring in what will transform a neighborhoods as opposed to fill empty space we've just built.

The other thing, too, is that one of the values that the Commerce Department adds is that it also supports work like our commercial corridor revitalization project which is called the Avenue Project. And later this summer, we're planning to launch Main Street maintenance program called the Ambassadors Program which will employ five full-time workers to clean and green Germantown Avenue. It will come with a whole brand and identity package for Germantown Avenue, banners, uniforms, the motorized cleaning vehicles. Hope to expand that by partnering with groups Philadelphia Green in terms of landscape improvements, streetscape improvements. And were it not for what in essence is a small amount of money, $75,000 a year that we get from the Commerce Department. Were it not for those dollars that help sustain, you know, the life blood of our activities that we're able to then use to leverage additional resources you wouldn't be able to see some of the transformation and the energy that's happening on Germantown Avenue. If you haven't been up there a while, I invite you to come up because there's some great new restaurants. And a lot of it I think can be attributed to the investment that the Commerce Department made in us.

I think the final piece, which I don't think I heard talk to, although I understand Mjenzi was asked to speak about it a little bit, it's the value of economic stimulus dollars. The City has pushed a lot of its general operating expenditures onto CDBG to the tune of $31 million which funds jobs. And I understand the importance of that, but one would argue that wouldn't it have been wonderful if to the extents that we're putting some of these general operating cost burdens into the CDBG budget that we would be relieving the Operating Budget and providing more economic stimulus dollars. From what I understand in prior administration that that was the way that it worked. And economic stimulus dollars, although CDBG dollars are wonderful and they're great, they come attached with a lot of strings, not the least of which is the fact that when did our commercial development project when we thought we were going to have CDBG dollars in it instead of economic stimulus, we were required to do so an archaeological dig to the tune of $25,000. Had it been economic stimulus dollars, instead of hiring archeologist to find chards, we would have been able to invest it directly into our project. So it's an example of an important and invaluable tool for economic development and housing development, for that matter, because it doesn't come with the strings, it doesn't require as much of an exercise to get it committed, and it doesn't take 12 months for you to get on the roll for those dollars. So I would encouraged --

since I understand this is the body that can really kind of push for an expansion of economic stimulus funding, I would really encourage you to encourage more -- to the extent that you've got CDBG paying for some of the general operating expenses that you release some of the general operating budget to allow for economic stimulus.

I guess that's the end of my comments. I want to thank you again for your long day and your patience and commitment to this process.

COUNCILWOMAN BLACKWELL: Thank you very much. Thank you for your great testimony and your patience as well.

Mr. Rodriguez, YouthBuild Charter School.

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: Sorry I thought you were gone after so a long a day. Thank you, Angel. This is YouthBuild Charter School that does such a wonderful job.

Identify yourself for the record and begin.

MR. RODRIGUEZ: Sure. Thank you

Councilwoman Blackwell. My name is Angel Rodriguez and I'm here today as the executive director of YouthBuild Philadelphia Charter School. I'm here to provide a brief update on the status of YouthBuild and the support we received through the Office of Housing and Community Development.

We're finishing our tenth year as use the YouthBuild Program and our fifth year as a charter school. Our school combines individualized academic education with on-the-job training and construction with students spending 50 percent of their time at construction sites and the other half in classrooms. All of our students are former high school dropouts who have decided that they want to get lives together.

In the census tracts where most of our students live, the poverty rate of 41.7 percent is nearly four times the national average of 11.8 percent based on the US Census data. Historically, our statistics show that approximately over 85 percent of these young adults are low to very low income, 23 percent have been previously victimized by violence or crime, 68 percent have been expelled or suspended from their previous school, 23 percent have been through juvenile court, and nearly 10 percent have been referred to drug and alcohol abuse treatment programs.

During the year our students have been working on the full-gut rehabilitation of seven houses in South Philadelphia. YouthBuild has over 600 graduates and has built over 50 house 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, whether at Temple or at Community College of Philadelphia. OHCD has supported us by providing us with an important operating grant and by subsidizing housing construction our students do.

I thank OHCD and City Council for their support on behalf of the many young men and women in Philadelphia who are in need of a second chance. YouthBuild Philadelphia has been a grantee of the City's Office of Housing and Community Development for eight years now. During this time, we've combined housing revitalization with economic and job development initiatives to help low-income people attain and retain jobs.

For the 2002-2003 academic year, YouthBuild will enroll another 150 out-of-school youth from a number of districts in the City. OHCD has proposed to continue to support YouthBuild for the 2002-2003 year with operating support of $800,000 and development subsidies provided on a project-by-project basis through CDBG funds.

This represents a funding decrease of $200,000. While we are aware of the reasons surrounding these cuts by OHCD and have been told that these funds would be replaced through other sources, those arrangements have not been made yet. Should there be difficulties in attaining these funds, we hope that City Council would be supportive in revisiting the issue of restoring our funding to previous levels through CDBG funds.

These CDBG funds have been vital to us as we work to leverage other resources for our program. Each year for the past seven years, we have used CDBG funds to leverage federal, state, and private monies, including an increasing competitive YouthBuild grant from US Department and Urban Development.

The development subsidies that are provided through CDBG funds will be used to allow students in 2002-2003 class to rebuild six abandoned houses in the City. We're grateful for the support that we have received from the City, and it has allowed to us to address tow of the City's most critical issues: First, undereducated youth; and secondly, abandoned housing. Our program design provides a way for mobilizing at-risk youth to become a positive work force and reversing urban blight. The benefits of our program are tangible and encompass the entire community.

We have still to reach the capacity and enroll larger numbers of young adults. 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 an increasing number of at-risk youth in Philadelphia and continue to rebuild communities one block at a time.

Thank you.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much. I wish I could duplicate your program 10 fold. It's just a wonderful, wonderful program. I wish I had you in my area. Thank you very much.

MR. RODRIGUEZ: Thank you.

COUNCILWOMAN BLACKWELL: Jim Reed, African-American Reconstruction League and then Flo Jo Mason.

Is there anyone else out there?

(No response.)

COUNCILWOMAN BLACKWELL: Thank you.

MR. REED: Yes, good afternoon.

COUNCILWOMAN BLACKWELL: Thanks for your patience, Mr. Reed.

MR. REED: Oh, that's all right.

My name is Jim Reed. I'm soliciting assistance from anyone in Council that's willing to give it. I've sat here all day listening to people talk about NTI, the demolition of buildings and whatever, and the Basic System

Repair. Now what I need is someone to enforce all of these programs. There are guidelines established by City Council or someone within the City. I have a report here, inspection report here of air pollution. No one has mentioned that all day long. Yet still, they're tearing these buildings down. They coming out at night while you're asleep and can't see the dust that they're generating and there's asbestos in these properties that they're tearing down, but no one seems to be concerned about that. I already have asbestosis. I just got out of the hospital again with breathing problems. Now, I want to know who's going to enforce these code violations.

Also, the Basic System Repairs. When they do come in to do the Basic System Repairs, the quality of work is substandard. Who enforces that? I'm a victim of both here. And I've gone to your office, I've gone to other offices. No one seems to care. But I've been in the house 35 years and never had no problems because I did all of my own maintenance. I can no longer do it so I have to sit back and watch our people do inferior work. And accept that? Not living.

You see, I can do my own electrical repairs. I can do my own plumbing repairs. But I can't do it any longer and now I have to sit here and suffer all these indignities from people that are in charge, and I find that totally unacceptable.

I just want to know what would you recommend I do at this juncture? I've gone through all of the legal channels, soliciting people from PHDC and whatever to come out and check the problems. They deny that they did it. Well, I never had no electrical problems in my house in 35 years. You come out and make a repair and now all of a sudden I've got problems with something that you installed, but I'm the one that's at fault. That doesn't make very much sense to me.

They put a drain in the bathroom. Now you can't walk on the floor without the floor giving away. I've got to pay to get another floor put in.

They put another heater in, okay? That cost $1500. It's going to cost me thousands of dollars to get the heater out of the house simply because it has asbestos in it. These houses tearing they're down have asbestos heaters in them, too. Nobody's saying anything about that. But I go to pay thousands of dollars to get rid of something that you allegedly gave me? Something's wrong with that picture. I'm soliciting some help, that's all.

Ya'll have a nice day

COUNCILWOMAN BLACKWELL: Thank you, Mr. Reed. I know that I've seen you in my office. There are people who care. So who waited on you in my office?

MR. REED: Its young man who just came in here earlier.

COUNCILWOMAN BLACKWELL: That's my chief of staff. All right. We'll check on your case, but people care.

Flo Jo Mason. Miss Mason will be our last person today and then we will recess until 11:00 tomorrow when a few councilpeople have more questions from the Administration. This will end all public testimony.

(Witness comes forward.)

COUNCILWOMAN BLACKWELL: Thank you. Identify yourself for the record and begin with your testimony.

MS. MASON: Thank you. Hello. Good evening to the Councilmen and women. My name is Florence Mason I call myself Flo Jo Mason, that's a name that my sister gave me so I'm kind of representing my people to that fact.

I'm just coming here representing the community of 32nd Street, Strawberry Mansion, and those all over the City of Philadelphia. I'm coming as, one, Judith Robinson when she made her testimony, she said that there was a witness to the community meeting that was supposed to be held by the NTI Committee and Darrell Clarke, that was on May the 24th at Cornerstone Baptist Church. And we were told that a move would not be made without the notification, the implement and planning of the community being involved, that before a single building would be demolished, the community would have an involvement in it. That has been has not been so. The people of this community and of this City has been lied to, systematically, continuously; not just own one occasion, on every occasion that the community meetings have happened. The first community meeting that the people was made aware of the NTI Initiative or whatever came about April the 4th where we was at the Strawberry Mansion School. And, you know, what amazed me is that our own Mayor said, you know, we're going to borrow money and figure out how we're going to pay it later. Well, I want to learn how to borrow money and figure out how we're going pay it later also. If my Councilman and my government can do it, I want to know how to do it, too.

Everyone here has been talking about predatory lending. I was once a mortgage broker, okay? And predatory lender is not our answer because if that was the fact, then our councilmen and everyone in here should have got after MidPenn for their reign and their terror on the community since 1970 and God knows when. And one of the biggest predatory lending here in this city, but no one did nothing about him. No one did anything about the fact that MidPenn could charge 29.9 percent to give a loan to anybody in the community because there was no other lenders that would give us a loan.

We talk about we want to come in and NTI demolish these homes. What lender is going to give loans to people with houses that's got nothing but gardens on the block. Where is the marketability for those housing? No lender is going to come there. They're already redlining against us. We cannot get the loan that people get out there in the Northeast or in Cheltenham or anywhere else like in North Philly. North Philly is a great community. I lived in Germantown almost all of my life and then recently because of situations with DHS, which I will love to read into my testimony so that people can know that the poor -- the conditions of the housing is the reason that DHS come in and take your children. You don't have to be neglectful parents of this City. This City is now telling people that it is against the law to be poor. If you don't have the forwithal (sic) to do whatever you supposed to do or try to get repairs done and Welfare Back to Work, if you can't do any of those things, then you are not running against the law. The law has the right to come against you and sue you, citizen, in court without you being there or anything and take your children and say that you're neglectful parents because of poor housing conditions. Now where does the government have the right to do that? Where is the humanity for the people and the sympathy -- not even sympathy, but just willing to help and aid the people of our community to make a quality of life of living. I'm pretty sure that most of us do not want to live in substandard housing. I'm pretty sure you wouldn't want your sister, your child or your daughter living in poor housing situations and then have the City or State come in and claim them as a neglectful parent and then say, because of your house, you no longer have a right to be a parent to your child.

It seem like to me that this government is just ready to throw millions of dollars out here to organizations and companies that don't even have a clue or any real plan to revitalize our neighborhoods. They don't live in it, they don't know what's going on, and their inspection is way below standards. I mean, they say that some of these houses is eminently dangerous. What is the definition of imminently dangerous. Under what protocol do they go and say that this house is eminently dangerous?

I can go to plenty of those houses that they had on the list -- at first, the community was told that they didn't have a list. Now when we get to some of these meetings, all of a sudden they have the list. If the community's supposed to be involved in this and this is the community that they going to affect -- it seems like to me they more infecting it than they affecting it. And why should we just stand idly by and just let anybody at will come into our community and tell us that this is what they going to do and this is how we think your community should look.

When I listened to the Redevelopment earlier, he was talking about, Oh, well, on the other side of this particular area, we can make houses worth 129,000. If they can make their houses worth 129,000, what about the people who already been in the neighborhood for over 20 to 30 years? What are the property values of their houses going to be? Because it's not going to be new, it's not going to be equal value of they houses they just so-called rebuild. And what about the material they use to rebuild those houses? Is it going to be of the same quality as the houses that was built years ago? I don't think so. We lose out all the way around.

I'm not against having green some places. I love to see green scenery. But I'm going to see green scenery every other house on the block where there was 30-some houses? And then we got vacant land everywhere with no plan of redevelopment in the near future? How many vacant lots we got right now that stood up there where once a house were and now all of a sudden there's no plan of doing anything that still there be for five or ten years.

It seems to me like even they was talking about the landlords who don't do work or do things have all of these violations and how we can penalize them. But what about penalizing the City government agency who does not do the things that they promised to the people in the community? What about them being penalized? What about putting in a law some real action if we give a certain amount of our taxpayer money -- because when my mother worked, she paid taxes. When I worked, I paid taxes. So evidently, this money that is going to be allocated and just given away freely to these special groups come along, where is the assurety that they going to do what they claim they can do? Where is their commitment to me as a community member that they going to do the things that they claim that they going to do when put forth these grant situations. And then they going to tell me how to live in my community and what they think is best for my community. Where is their responsibility? Who are they going to answer to and when are they going to answer to me as a person that wants something to be done? So I don't think -- I'm not agreeing with just money being allocated and there's nothing on the law books for them to have an answer or to pay back the money that they got freely and they have no responsibility to. That's what I'm seeing that the NTI is all about.

They sitting up here talking about that they have the best interest of the community at heart. They don't have the best interest of the community at heart because if they had the best interest of the community at heart, instead of tearing down you would be talking about rebuilding. Instead of sitting up there talking about we going to be creating, we will actually be committing to showing dollars and cents of how we going to make that available. We would be talking about how we going to make it possible for the already-existing homeowners to have a way to repair their house that they already in in order to make the community a beautiful and better place to live. Because the way you talking to me, it's not that you looking for us to occupy this community; you have a plan for somebody else to come in here and occupy this community. And I'm not having it.

So I'm telling this committee and anybody else in City government that if our community is not represented and we do not have a say in what's going on in our community, oh, you better believe it's going to some problem because Flo Jo Mason is here to stand up to let you know that you're not going come in my community and do whatever you want to do without me having a say to you.

Thank you very much.

Oh, Before I leave, I'm sorry, I did say I wanted to do read this. This is a petition for DHS to have a removal of my children. And I'm going to let you know it was me who had to go through this. It says here, "Philadelphia Department of Human Services, Children and Youth Division is a local government agency responsible for the care an supervision of dependent children in Philadelphia. The above named juvenile is a dependent under provision of the Pennsylvania Juvenile Act 42 PA Constitution Statute 6301 through 6365. It is in the best interest of the child and the public that the petition be brought. The petitioner has made and continues to make responsible efforts to prevent placement of the minor child. The petition is filed in the same time as the petition for four other siblings. The DHS social worker assigned to this cas Mr. Kadeen Boles (ph) 683-4351."

That's his number, I think.

"The child is in currents of DHS.

Upon information and believe, the child is a dependent and/or abused pursuant to the Juvenile Act or the Child Protection Service Law in that the petition is filed pursuant to restraining order RO which the Department of Human Services obtained on September 10, 2001. The RAO was attained by DHS social worker Kadeen Boles made a home visit to implement family preservation on September 10, 2001."

Again, that word "preservation" comes up. And what are we preserving?

"And found the home in poor condition."

Meaning, and when it says here again found the home in poor condition so that was a reason for him to remove my children.

Again, it says all my children which are Sherriah, Crystal, Tyral, Clifton and Vincent. "Mother, Florence Mason, refused to enter a shelter."

Why would I enter a shelter when got a six-bedroom house. Why would I enter a shelter when I been on a list for basic repairs and weatherization since 1996? Why would I enter a shelter with five kids and trying to be an entrepreneur and on public assistance to receive help for my children but could not get it. But yet a dead beat father bench warrant was erased.

Through all this whole instance, the house had -- we went on the list. We had so-called was supposed to get heating repairs like the gentleman who previously spoke before me had a heating repair done by the Weatherization Program which they you the put in the heater knowing it was too small for the house. The heater would not have worked to keep the whole house warm, so it broke back down and burnt a hole in the heater itself. So therefore, our lives was put in danger by the Weatherization Program because to save a little bit of money instead of putting the things that was actually needed in the property, they gave us substandard material to go into the house. So, therefore, every situation that we're talking about, about quality housing, about self-sustaining wages, there's an inkling for DHS to come in and remove us as parents over our children because of substandard housing because we cannot find a job or these jobs not available in our community or because -- each and every whim of each and every social worker could come into your house say, "I don't like your house." So therefore, under the assumption that we're protecting our children from harm and dangerous things, our City has now put in us this predicament. Again, I'm not going to let you do it. And if it comes to a point where I have to holler at every meeting there is to sit up here an stop this City from further abusing the people of this community, you better believe Flo Jo will be there.

COUNCILWOMAN BLACKWELL: Thank you very much. As was said earlier, we will receive a response in writing with regard to the CDCs and site control.

This hearing will be recessed until tomorrow at 11:00. Again, public testimony is over. It will give those Councilpeople who said they have more questions, specifically Councilman Nutter and Councilwoman Tasco who said the same, an opportunity to finish up on whatever questions they have. Thank you everybody for coming and sorry the day was so long.

Thank you.

(Proceedings end at 6:49 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia's meeting of the Committee on Finance of Tuesday, May 28, 2002, are contained fully and accurately in the stenographic notes taken by me, and that this is a true and correct transcript of same.

RE: Ordinance No. 020275 and
Resolution No. 020285

______________________________,

Josephine Cardillo

Registered Professional Reporter
and Notary Public

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