COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING BEFORE THE JOINT COMMITTEES OF

THE WHOLE AND FINANCE

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Room 696, City Hall
Philadelphia, Pennsylvania
Thursday, June 5, 2003
10:15 a.m.

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Bill 030372 - An ordinance authorizing the Mayor, on behalf of the city, to file applications with the U.S. Department of HUD for a CDBG, et cetera

Bill 030306 - Resolution approving the annual Program Statement and Budget for the expenditure of the NIT Bond Proceeds for FY '04

Bill 030429 - Resolution authorizing the RDA to use NTI bond proceeds to acquire certain properties under certain terms and conditions

PRESENT: COUNCIL PRESIDENT ANNA C. VERNA, Chair
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COUNCIL PRESIDENT VERNA: Good morning, everyone. This is a continued public hearing of the joint committees on the Whole and Finance regarding Resolution Nos. 030429 and 030306 and also Bill No. 030372.

I would ask Mr. McPherson to please read the titles.

MR. MCPHERSON: Resolution No. 030429, a resolution authorizing the Philadelphia Redevelopment Authority to use NTI bond proceeds to acquire certain properties under certain terms and conditions; Resolution 030306, a resolution approving the annual Program Statement and Budget for the expenditure of the Neighborhood Transformation Initiative (NTI) Bond Proceeds for FY 2004; Ordinance 030372, an ordinance authorizing the Mayor on behalf of the City to file applications with the Unites States Department of Housing and Urban Development for a community development block grant and to use Section 108 bond loan guarantee program; authorizing the housing director to file applications with HUD to participate in the HOME Investment Partnership program and the emergency shelter grant program; authorizing the Housing

Director on behalf of the City to file an application with HUD for housing opportunities for Persons with AIDS grant; authorizing the Managing Director on behalf of the City to file an application or applications to obtain grants from the Commonwealth of Pennsylvania under the Act of April 12, 1956, P.L. 1449, Section 4, as amended, to prevent and eliminate blight; and authorizing the Mayor, the Housing Director and the Managing Director to enter into all understandings and assurances contained in such applications and take all necessary action to accept the grants, all under certain terms and conditions.

COUNCIL PRESIDENT VERNA: Thank you very much.

Do any of the Council members have any questions of the witnesses at the table?

I'm sorry. We are going to have to have some order, please.

Do any of the Council members have any questions of the witnesses at the table?

COUNCILMAN NUTTER: Yes.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam President. A couple things. Good morning, Miss Smith. Good morning, Mr. Hanna.

MS. SMITH: Good morning.

MR. HANNA: Good morning.

COUNCILMAN NUTTER: It's my understanding from the letter that we received I believe yesterday from the Mayor's chief of staff, Miss Wilkerson, that the administration has agreed to support the proposed amendment that was discussed on Monday with regard to three categories of programmatic funding that are technically in the CDBG plan to be funded in the original proposal through the use of NTI bond proceeds and that you have and we have discussed and gone through a process where we asked you if you don't think that the additional funding should come as a result of those proceedings, but if you can figure out within the categories and within proper use and within the legal guidelines a way to net increase $10 million, you will not take any money from another program or category to fund these initiatives and that actually the amendment here takes the budget from the original $106 million for FY '04 to now a new $116

million, which is in fact a $10 million increase. Is that correct?

MR. HANNA: Yes, that's correct.

COUNCILMAN NUTTER: And can you explain to us how you did that, and I am very serious and I know that you did hard work, but I'm most serious about establishing on the record that there will be no confusion later on about any other program in the CDBG budget or the entire CDBG application being, quote/unquote, shortchanged as a result of these changes and that all of the categories either are staying the same or some are being increased as a result of increased funding. So if you could walk us through the proposal which is to increase the neighborhood-based rental item in the CDBG a net additional $2-1/2 million, the BSRP Tier 2 program, a net additional $5 million, and the adaptive modification program, a net additional $2-1/2 million, if you could walk us through that, I would appreciate it.

MR. HANNA: Certainly. Thank you, Councilman.

My name is Kevin Hanna and I serve as secretary of housing and neighborhood preservation

for the City of Philadelphia.

The three line items that are to be affected are the neighborhood-based rental program, the basic systems repair program, BSRP, Tier 2, and the adaptive modifications program.

Starting with neighborhood-based rental, what the administration proposes to have done would be to simply increase the amount of CDBG money dedicated to that particular line item by $2.5 million.

COUNCILMAN NUTTER: Which one?

MR. HANNA: This is the neighborhood-based rental program.

COUNCILMAN NUTTER: Is that 221?

MR. HANNA: That is on Page 221, Section B, affordable rental housing. So that goes up, the CDBG column, for year 29, fiscal year 2004.

COUNCILMAN NUTTER: It goes from 2 million 548 to 5 million 48, right?

MR. HANNA: Yes.

COUNCILMAN NUTTER: Where does the $2-1/2 million come from?

MR. HANNA: I'm coming to that.

COUNCILMAN NUTTER: Okay.

MR. HANNA: Next, the basic system repair program, BSRP --

COUNCILMAN NUTTER: Page 222.

MR. HANNA: 222.

What we propose there is to decrease the amount of CDBG allotment from that particular program, essentially move it from -- that $2-1/2 million in CDBG, move it from BSRP to the neighborhood-based rental program, the one about which I just spoke, and then to fund or refund that particular program, first of all, to make up for the 2-1/2 million that we just took out with NTI bonds, put $2-1/2 million in there, so that brings it back to ground zero and then add an additional $5 million in NTI tax-exempt bond proceeds for a net increase of $5 million.

So that program goes from $7,750,000 as proposed in the year 29 budget to $12,750,000, again, a net increase of $5 million.

The third category, that of adaptive modifications would simply have a $2.5 million bond increase specifically from NTI tax-exempt bond proceeds. There is no touching of CDBG funds there. So the net increase is simply the $2-1/2 million

from NTI tax-exempt bond proceeds.

COUNCILMAN NUTTER: Okay. Let me just raise two other things. Thank you very much for the explanation. It's clear now that these are net increases, the funds have been moved around, but no program is any less as a result of these changes and all three of these areas have received the net increase that we talked about.

Now I want to just very quickly make sure that we have added our numbers correctly. As I have gone through this, I think there are at least two places where we need to change the figures on this plan. On Page 223 it appears that we need to increase the total line from the 15 to 17,966; is that correct?

MS. SMITH: That's correct.

COUNCILMAN NUTTER: And then we have a total total line on Page 227.

MS. SMITH: Uh-huh, yes.

COUNCILMAN NUTTER: That would be the total $10 million increase. The grand total program activities line should be 250 million 159.

MR. HANNA: That's correct.

COUNCILMAN NUTTER: And then the

resource allocation line would be 250 million 159; is that correct?

MR. HANNA: That's correct.

COUNCILMAN NUTTER: So that is the amendment?

MR. HANNA: That is the amendment.

COUNCILMAN NUTTER: It's the $10 million and the correction on the numbers, correct?

MR. HANNA: Correct.

COUNCILMAN NUTTER: Let's talk about the last issue that was a part of the amendment that was put forward on Monday. That had to do with the child care health and safety fund. In reading the letter from the Mayor's chief of staff, Miss Wilkerson, she lays out that the administration opposes the use of NTI bond proceeds to fund the child care health and safety fund and later goes on and the reasons are basically the necessity for these bond proceeds to do a variety of things. I need to ask you a question about this statement though.

Under the legislation the program was to use bond proceeds to: Eliminate blight, assemble land for redevelopment and engage in housing

preservation activities. In light of this, we do not support using NTI dollars to fund the child care health and safety fund.

Now, it is my understanding that there has been a fair amount of flexibility in the use of NTI bond proceeds. For instance, the Center City District I believe just last week announced that it is engaged in a marketing and promotion campaign of six neighborhoods throughout Philadelphia. I know that two of them are in the district that I represent, Roxborough and Overbrook. I believe Mt. Airy is a third. I think Fox Chase is a fourth. Southwest Center City is the fifth and I believe Southwest Philadelphia is the sixth.

How is it that the NTI proceeds can be used in a marketing campaign for a program, but we cannot use it for children?

(Applause.)

MS. SMITH: We did not use bond proceeds --

COUNCILMAN NUTTER: I'm not sure what proceeds you used, and, you know, I mean from your table and on this side of the blue barrier we can have a wonderful discussion about the distinctions

between operating and capital and bond proceeds and whether they are taxable, tax-exempt or any other macerations that we want. What the public knows is NTI is a very large program, I think described many years ago. I think it's an umbrella. It's a framework. It has all kinds of elements to it, and if you are saying that it wasn't bond proceeds of NTI that were used, I don't know of any other proceeds out of NTI because NTI is a bond-funded program, so what proceeds were used to fund the marketing campaign, which I support, but how is it that they can't be used for the child care fund?

MS. SMITH: There were general funds that were allocated to support that initiative. Again, NTI can and does have other resources to support investment in neighborhoods, but I just wanted to clarify for the record --

COUNCILMAN NUTTER: How does NTI have any other resources? NTI is a bond program, isn't it? When we talk about the $295 million NTI program, isn't it all funded by bond proceeds?

MS. SMITH: The way we, the administration, talk about NTI, it is an initiative of the administration. It has a variety of

component parts and also different resources help us to achieve those objectives. So some objectives of the Neighborhood Transformation Initiative is achieved through the use of general funds. Some objectives are achieved through the use of money that may come from other federal and private sources. It is not just limited to the bonds. The bonds represent one source of funding for the initiative and, as you know, the initiative has several objectives.

COUNCILMAN NUTTER: Miss Smith, I do appreciate the explanation and I will do my best to stay up on all the lexicon and the various components. That, though, does not diminish my commitment and I think the commitment of many other Council members to support the child care health and safety fund.

In front of us the other day were a couple things. There was a proposed transaction which happened to have been, in essence, a financing that was going to put $5 million into a child care health and safety fund. Some of us did not think that particular method was the right way to go, but we are committed to the child care health and safety

fund.

Now what we have in front of us is a program that has an incredible realm of flexibility to do a wide variety of things, to use proceeds in ways that we have not seen in the past, and so I cannot now back up and say we are not going to support the child health and safety fund because of a variety of quirks and vagaries of how program proceeds are going to be used. They are being used in a variety of ways, all of which are good. So I will ask my colleagues and then members can decide what they want to do because I am going to put forward an amendment for the $5 million for the child care health and safety fund and then we will just take it from there, but I can't back away from that.

(Applause.)

COUNCIL PRESIDENT VERNA: I believe Councilman Goode has a point of information.

COUNCILMAN NUTTER: Sure.

COUNCILMAN GOODE: I would like to ask Councilman Nutter whether he actually had a proposal for a child care health and safety fund before he decided to kill the library deal.

COUNCILMAN NUTTER: I'm sorry, Councilman. I didn't hear the whole question.

COUNCILMAN GOODE: I want to ask you whether you actually had a proposal for a child care health and safety fund before you decided to kill the library deal.

COUNCILMAN NUTTER: The amendment for the child care --

COUNCILMAN GOODE: That's a simple question, whether you actually had a proposal for a child care health and safety fund before you decided to kill the library deal proposed by the administration.

COUNCILMAN NUTTER: Let me respond this way, Councilman. As I contemplated what my actions would be with regard to the library transaction, I was well aware that the child care health and safety fund was the funding source, and as we have gone through that process, I knew that I needed to have some proposal to seek to replace those funds. So that's why I also put forward the bill last week to put the right capital funds for the library because I believed under the circumstances it was not enough to be against something and not have an alternative.

So I think the proposal for an actual amendment I probably started working on over the weekend prior to the hearing. I think our hearing was on Monday for NTI and put that amendment forward at least on Monday, but it has been on my mind since the controversy around the library proposal evolved last week.

COUNCILMAN GOODE: Since it was your decision to kill the library deal proposed by the administration, you had to find a way --

COUNCILMAN NUTTER: Well, I didn't kill it by myself, Councilman.

COUNCILMAN GOODE: Since you decided to kill the library deal proposed by the administration, you had to find a way to make the child care health and safety fund whole. You chose this method. This is not the only method that can be used. Just like the financing mechanism for the library was not the only mechanism that could be used. Whether it is the best mechanism or not, it is not the only mechanism that can be used to fund a child care health and safety fund; is that correct?

COUNCILMAN NUTTER: You are absolutely right, Councilman. There are many ways to do that.

COUNCILMAN GOODE: So just a point of information. Is the administration prepared to find a way to make the child care health and safety fund whole?

MS. SMITH: Yes, we are.

COUNCILMAN NUTTER: What is the proposal, Miss Smith?

MS. SMITH: We don't have a specific proposal, but we are willing to look at this issue. We again feel that the use of NTI bond proceeds under this circumstance is not appropriate. There may be resources both within the private sector that also can be brought to bear on this issue.

COUNCILMAN NUTTER: Okay.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilwoman Tasco for a point of information.

COUNCILWOMAN TASCO: The child safety issue is one that could possibly be referred to the Department of Commerce since it is a revolving loan fund. Funds do come through PCDC and other departments of the commerce that go to businesses. These day cares are a business and you would look to find a set of at least part of the money there until

you find all of the money from the Commerce Department because I see it as an economic development piece.

MS. SMITH: Again, what the administration plans to do is to work very closely with all of the departments and we also believe there may be opportunities within the private sector to establish a revolving loan fund to support this type of need within the community.

COUNCILMAN NUTTER: Miss Smith, let me ask one other question. When the proposed increase to $5 million was announced back in January for the child care health and safety fund, was the proposed financing that was before us earlier in the week, was that anticipated at that time to be the funding source for the $5 million increase?

MS. SMITH: Councilman Nutter, you really do have me at a disadvantage --

COUNCILMAN NUTTER: I don't mean to have you at a disadvantage.

MS. SMITH: -- in that I am not familiar with the library financing and the conversations that have been going back and forth, so I cannot speak to that.

COUNCILMAN NUTTER: Okay. Let me ask you one other question, and if it is inappropriate, you will just tell me. Are you aware of any other proposed financing mechanism that has been discussed or any other -- maybe it is not a financing mechanism, but any other source of funds that have been discussed within the administration with regard to the child care health and safety fund?

MS. SMITH: When this question was raised on Monday, I reached out to a community development financial institution in the City, the reinvestment fund, that has been involved in financing day care facilities and that is one possibility to maybe look at creating funds.

COUNCILMAN NUTTER: No, I meant City fund. Are you aware of any proposal for the use of City funds, not outside funds, but what would represent our commitment?

MS. SMITH: Again I feel that I cannot speak to that issue because I have not been involved in it. I can only tell you what I have done personally on Monday in response to this issue being raised, looking for what could be other possible sources, particularly I think the opportunity to

bring the private sector into this issue as a resource, since we are looking at a revolving loan fund.

COUNCILMAN NUTTER: Okay. Thank you very much. I appreciate it.

COUNCIL PRESIDENT VERNA: The Chair at this time recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: In your testimony or in somebody's testimony you talked about the proposals for targeted basic systems repair program. I noticed that ten organizations have responded to your RFP to provide the service. Would those funds only be used by those organizations in their neighborhoods? Can individuals from other neighborhoods access targeted basic systems repair money if they don't live in a targeted area or area where you have one of those groups?

MS. SMITH: An individual who may not live in a target basic system repair program can apply for resources under the basic system repair program, Tier 2. That's a citywide program that operates citywide.

COUNCILWOMAN TASCO: Which is citywide,

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basic --

MS. SMITH: The basic system repair program, which we added the additional money to, is citywide. It was geographically targeted to work in a defined geographic area.

COUNCILWOMAN TASCO: But that money is not restricted by income, right?

MS. SMITH: Yes, it is. The targeted does have income restrictions. I believe it is up to 80 percent.

COUNCILWOMAN TASCO: The basic systems repair program?

MS. SMITH: The targeted basic systems repair program is also capped. Since it was a grant program, it was also income limited to 80 percent, a medium.

COUNCILWOMAN TASCO: What program is provided for those people who I think we talked about did not meet -- did not have -- could not meet the income guidelines?

MS. SMITH: Again, we believe we can work closely, and one of the principles behind that program is for the community-based organization to work one-on-one with individual homeowners to get a

sense of their entire need and their entire issues, and there may be opportunities for a loan if the person is over 80 percent of income and particularly with the new loan products involved.

COUNCILWOMAN TASCO: For instance, I'm interested in the northwest section of Philadelphia, and Mt. Airy USA appears to be one of the groups. Have they defined their targeted area of where they would service and would that cover the northwest and looking at the targeted systems program and in trying to reach out to a broader spectrum of the community, Philadelphia community, was any consideration taken, anything taken into consideration to look at what parts of the City are being served?

MS. SMITH: Yes. We tried to make sure that this was targeted to areas where individuals -- we could leverage the resources, where there was low vacancy on the block. I can get back to you with the specific boundaries of both the Mt. Airy USA program as well as the Korean CDC program, which I believe is in your district. That's in Olney. I just don't have the exact boundaries that they chose to target in my mind.

COUNCILWOMAN TASCO: I would like to see those boundaries. Thank you.

Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you. The Chair recognizes Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you, Madam President.

I simply wanted to underscore Councilwoman Tasco's recommendation with regard to the health and safety fund. My office has actually been in discussions with the Commerce Department close to a year ago suggesting that the Commerce Department find some dollars for the health and safety fund, so I needed to underscore a recommendation to see that those discussions have actually started. Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Cohen.

COUNCILMAN COHEN: Thank you, Madam President.

Is there any limit at all to the NTI program? You know, the dollar figures have changed so, I thought we had finally agreed it was a $300 million program, but apparently any and all

resources can be added to that apart from the loan fund? We voted the loan fund I thought because we felt there was no other way of supporting it, but now there apparently are other ways, so I would like to know how much of the money, how much more than $300 million is available for NTI? Is it the whole City budget? Can we call it a $6 billion program? It might be the best use of all the money.

(Applause.)

MS. SMITH: Councilman Cohen, there are several objectives which we have articulated for NTI and we do look at other resources to achieve those objectives and in some instances it is redeploying or reallocating resources within the general budget. As you know, this Mayor is very much committed to investing in neighborhoods, so the abandoned car removal program. We consider how to fulfill NTI's objective to eliminate blight. That program is funded out of the general fund.

So, again, NTI is an initiative of this administration which represents the pledge to eliminate blight, to create opportunity for development, and to improve the delivery of City services, and we are trying to bring all of the

resources to bear in the City to support those primary objectives.

COUNCILMAN COHEN: Who determines the boundary lines of what is a blight program? It seems to me that if anybody else proposes something and the administration doesn't agree, they rule it out or find some technicality to rule it out.

(Applause.)

COUNCILMAN COHEN: Now, we have either a government of laws or we have a government of people, and I thought we passed legislation to set limitations or at least set guidelines and then to define those guidelines. So I'm trying to find out who is going to decide what blight is and whether an appropriation can be funded from monies other than the loan funds.

MS. SMITH: The senior officials in the Mayor's administration which includes representatives from the Managing Director's Office, from the Redevelopment Authority, my colleague here, Secretary Hanna, myself, the senior members of the Mayor's administration are working together as a team looking at these issues and participating in the decision-making around them.

COUNCILMAN COHEN: And what's the role of City Council? Do we have anything to say, or do you just say no automatically when Council proposes something because it didn't originate with the Mayor's office? When we present a proposal that we have fielded from community organization, we think it's good to present it, if it doesn't originate with the administration, does it mean automatically it is not part of the blight program?

MS. SMITH: No, that's not the case, Councilman Cohen. We have been working very closely with District Council people identifying properties for acquisition.

COUNCILMAN COHEN: Do you know there are seven Council members that are not District Council people? Do you work with them?

MS. SMITH: Yes, we are working with at-large Council. We have invited people to briefing. We take information and suggestions routinely. There's a lot of requests at times and sometimes when we prioritize things, it takes a little bit longer to get to some requests than we had hoped, but we are committed to working with the Council. We consider the City Council of

Philadelphia an important and key partner in this initiative. We cannot accomplish the objectives of this initiative without the support of the Council.

COUNCILMAN COHEN: There are all kinds of partnerships. It seems to me that you think Council and you think the same of community organizations, if they are partners, they are very, very minor partners. They have a right to be heard, but not necessarily listened to or paid any attention to, and that's what concerns us.

Take on the child care and child safety program. Do we have to build an expansion of the Convention Center in order to find a way to get $5 million for child care and child safety, or are children's lives important enough for the City to spend $5 million and make that commitment now?

(Applause.)

MS. SMITH: As I stated, the administration is committed to finding the resources to support this type of initiative.

COUNCILMAN COHEN: Without taking money from other items?

MS. SMITH: Sometimes -- if we are successful in bringing maybe some private sector

resources to add to the pot, we probably won't have to take money from other items, but when you have a defined pot of money, sometimes we have to do that.

COUNCILMAN COHEN: Well, I don't think City Council can live with that. I think we've got to know that kids are an important part of life. Human beings count. Poor people, working people deserve consideration in addition to developers.

(Applause.)

COUNCILMAN COHEN: I think there is a lot of question as to what the priorities of this administration are, and this kind of legislation helps define it and your approach to it helps define it. That's why we are wanting to be so precise. We suddenly get stunned when we learn that there are new sources of money because when the original loans were requested we were of the opinion that you had to have the loan money otherwise you had nothing to work with. So we provided it. Once we provide it, well, we now learn there are other sources that can be used, and that is very disconcerting.

I think it ought to be clear that City Council is a full partner and that the people of Philadelphia are the most important partners in

everything we do.

(Applause.)

COUNCILMAN COHEN: Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome.

Are there any other questions or comments? The Chair recognizes Councilwoman Miller.

COUNCILWOMAN MILLER: Thank you, Madam President.

Good morning. I just want to do a followup to Councilwoman Tasco's question regarding targeted basic systems repair program. Will there be some potential for -- and I know that we only get this money once a year -- the expansion of this type of resources into neighborhoods? I just realized that one of the groups that I thought had a good chance of being funded in a particular section of my district that really needs some resources actually didn't get their proposal in on time. They were ten minutes late unfortunately. Or is there enough money, enough additional dollars, in the basic system program, not the targeted, that would make up the void for that particular neighborhood?

MS. SMITH: For FY '04 we actually have an additional 1 million that we wanted to use to support a second wave, particularly in areas where we are doing significant development activity, so that is for FY '04, and, of course, each year we can come back and allocate. That was one of the objectives, additional funds.

In the meantime, if there's individuals with this increase in the citywide program, that is not geographically restricted at all.

COUNCILWOMAN MILLER: So, you know, what I would like to do is talk about this later, do a followup discussion. Thank you.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: The Chair again recognizes Councilman Cohen.

COUNCILMAN COHEN: Madam President, I understand in this room is the Republican candidate for Mayor, Sam Katz. I want to suggest that we invite our Mayor, Mayor John Street, to come up here and maybe we can have an impromptu debate on the subject of child care.

(Applause.)

COUNCILMAN COHEN: We welcome the

attention of all the Mayoral candidates because we think if they listen to the people in the community they will understand better the problems of Philadelphia and we often have urged the Mayor of the City to come to these meetings so he can hear firsthand what we hear in City Council, so we are very pleased that --

(Applause.)

COUNCIL PRESIDENT VERNA: Please, let's have order.

COUNCILMAN COHEN: So I would like to urge the president of City Council to invite the Mayor of the city to come and join the Republican candidate so they will both have equal access to the information required in the Mayor's office.

Thank you, Madam President.

COUNCIL PRESIDENT VERNA: You're welcome. Are there any other questions or comments from members of the committee regarding the two witnesses at the table?

Seeing none, I believe we have a witness who would like to be heard, Deborah Anderson. Is Miss Anderson in this room or in the anteroom?

MS. ANDERSON: Yes, I am.

COUNCIL PRESIDENT VERNA: Please approach the witness table, if you will.

Please identify yourself for the record and proceed with your testimony.

MS. ANDERSON: Good morning. My name is Deborah Anderson Johnson, and I appreciate the opportunity to speak today. I'm a home owner occupant of 4717 North Hutchinson Street, and for anyone that is unaware, it is one of the 957 houses on a 17-square block in the Logan section of Philadelphia also known as the sinking homes of Logan.

In the early 1900's through 1910 the then City administration of Philadelphia set up this disaster by ordering all coal ash in the City to be hauled to a specific site. A contract was awarded to the Vare brothers. The coal ash was transported in utility cars to 9th Street and the Boulevard. The land was owned by real estate developers who happened to be friends with the then Mayor.

The marshy flood plain along Wingohocking Creek was filled with as much as 40 feet of ash. By 1920 homes were developed. Many of the houses were built on 40 feet of fill consisting

primarily of ash and cinder without proper anchoring of the structure. The houses built on this unstable fill began settling almost as soon as they were constructed. There was a political scandal surrounding the construction of these homes and is detailed in a book by Harold E. Cox, "Utility Cards of Philadelphia."

The settling foundations caused collapses and gas leaks. October 31, 1959, a Friday, approximately 3:00 p.m., there were three blasts that rocked the Boulevard. It was later determined there was a hairline fracture of a gas main beneath 9th Street and the Boulevard that triggered the blast that set fire to five homes on the 800 block of Roosevelt Boulevard. There were no fatalities. There were only minor injuries.

After the investigation Logan's little secret was no longer a secret, at least to some. Logan residents began to notice that something was wrong with the then swank homes that a Philadelphia Mayor resided in at one point. Logan then became a melting pot with working-class African-Americans as neighbors.

In 1984 the structural problems were

more obvious. The City administration commissioned a study from architect and city planner Gray Smith, who concluded the builders had used unstable soil to fill the valley of the Wingohocking Creek. Gray Smith warned the administration of possible broken utility lines including gas, sewer and water and recommended a more complete geotechnical analysis. The administration disregarded this recommendation and did nothing.

Two years later, February 1986, a broken gas main caused an explosion on the 4600 block of North 10th Street, again no fatalities. The administration claimed this was their first knowledge of the Logan fiasco. Panic set in. It would take another seven months for the administration to get the necessary engineering report.

The study, which looked at an area encompassing 950 houses, found that the unstable soil was actually ash and cinder whose depth depended on where in the creek valley a house was located. While some were fairly stable, the study identifies 62 homes as dangerous or imminently dangerous. This was late August 1986. The City

offered temporary shelter to homeowners. Suddenly in September the residents were told they had to be out of their homes in 24 hours. Confusion, fear, misinformation started a pattern in Logan that continues to this date.

Gray Smith Associates and a group of residents known as Concerned Citizens of Logan knew the boundaries of the 17 blocks in the Logan triangle designated in November 1986 by the administration never made sense. The administration created this by issuing a map with a triangle superimposed on it; hence, the Logan triangle. If this was addressed to encompass the 62 properties identified, it would have been a much smaller area and it would have definitely had an irregular shape. The triangle simply encompassed the three major streets at approximately 1000 properties.

1988. Gray Smith attempted to retract this designation, but it fell on deaf ears, and here is a quote from Gray Smith to me, The one violent act that was committed in this process was the drawing of that boundary around the Logan triangle. It was unjustified. It was technically incorrect, unquote.

From this point on no one retracted and no one turned back. Not one leader, not one person had the nerve to stand up and say "Stop. This is insane."

In 1988 Lippincott Engineers identified the most dangerous threat to the Logan community was water. Once again the City did nothing. It would be too expensive to underpin the properties that could be salvaged. It was given that 62 properties had to be demolished and the infrastructure had to be stabilized. The same sewer and pipes made of cast iron and clay that was put in Logan when it was developed in the 1920's, which had a 25-year life expectancy, had deteriorated. There were cobwebs when the drains were open, proving no water had passed through for a while. The water, the enemy to the Logan community, was washing away the foundation of ash and cinder.

But this community and the residents of this community were and continue to be treated in this manner and completely disrespected. There was no moratorium to stop the sale of property. The administration and every subsequent administration states "We cannot stop the transfer of properties in

Logan. We can be sued."

The one thing the administration was able to stop was the transfer of federal relocation rights. You see, the rights to transfer worthless property was okay, but the right to relocation was nontransferable and there was and is no threat of being sued. Hence the term "ineligible." If you purchased after 1986, you are labeled ineligible and are not entitled to assistance.

The property I purchased was one of the 954 properties identified in 1986. The owner and realtor that sold it to me were aware, and when I went to settlement in 1992, there was a copy of the geotechnical report that was filed with the title in City Hall, which I did learn later on, and I have been told I initialed it. At settlement I initialed a lot of papers, but if anyone chooses to believe that I read a geotechnical survey during settlement and understood it and knew what I was getting into, that's your prerogative, just as it is my prerogative to believe the administration then and all subsequent administrations knew people were being swindled and looked the other way because it was a trump card in place. The ineligible resident

had located the eligible resident and was not entitled to any compensation.

And I would just like to know why would the eligible resident sell their property to me for $24,000 when they were eligible for approximately at that time $50,000? Something is not right here. I have been labeled a troublemaker, a rebel rouser, a speculator. You know, I bought this property so I could make some money at a later date.

(Applause.)

MS. ANDERSON: And I'm also ineligible. There is one thing I will admit readily to being, and that is absolutely naive. I was naive enough to believe that I had stumbled onto something that elected officials did not know. I honestly believed that if I took this information to the correct entities it would be addressed. No way. There is no way that -- you know, it was just horrendous, and the abuse the residents went through is a whole other issue that I'm not even going to address. I was naive enough to believe that no one else knew and the only thing I learned was that they already knew and there was no one able to or willing to stop the madness. It didn't stop.

The administration created the Logan Assistance Corporation, also known as LAC. I fought to get on the board of this corporation, you know, but I kind of got ostracized because how dare I take information back to residents, how dare I talk to the media about things I learned from being on the board. You know, when I went on the board, it was to be representation for the residents that were there so, therefore, I was never going to stop taking information back, you know.

And I went to other organizations for help. You know, I went to the NAACP. I went to PIA, HUD, OHCD, come on, the whole alphabet, we went through, and when it was all said and done, it was right back in Logan. Once the photo opps for politicians running at election time was over it went right back to business as usual and you were just a Logan resident, deal with it.

State Representative John Perzel secured $1-1/2 million for Logan. Unfortunately for Logan, Wissinoming happened. Later it was reduced to $750,000. Later it was reduced to zero. From my understanding and what I was told, the whole kitty was spent in Wissinoming. You see, the City was

liable for the community's blight in Wissinoming, but Logan was much more complex. It was on a larger scale, et cetera.

Senator Santorum made a federal grant available for the five ineligible residents that were still in Logan at that time. The current administration made a decision to not apply for the grant because it would open all of the flood gates for all the ineligibles that left and had never been compensated.

The excuses and decisions of the administration in 1986 did not make sense, just as the excuses and decisions of all subsequent administrations do not make sense, and the reason I started with the factual history of Logan is to stop the repeated phrase "The City had no knowledge." It is an insult. It is a lie. The City not only had knowledge, the City created this fiasco by permitting the construction of homes at a site they knew the city's coal ash had been dumped at for years.

June 3, 2003, and I just happened to tune in to the testimony that was going on here, and it reminded me a lot of the public hearings I read

about from December 1986 with the Logan residents. You know, June 4 I decided to come down to City Hall and I stopped at my councilperson's office and just asked what was the status, was anything going on regarding Logan. Unfortunately, the person I had to talk to was not available and I did fill out a form requesting information about the status of myself, as I am one of two residents left on Hutchinson Street and maybe there are five residents still currently living in the couple of blocks that still stand.

At the recess I introduced myself to Mr. Wetzel of RDA and inquired about any information with Logan with the information that was being disseminated here, and to my surprise he said, "That was finalized in January I think."

Mr. Wetzel then introduced me to Mr. Cox of urban renewal programs and asked him to assist me, and I was given Mr. Kunz's card and he told me when he would be back in the office yesterday. I called him, left a message. He returned my call and he said, "Yes, your property, 4717 North Hutchinson Street, is in the ordinance for acquisition."

You know, my property is listed for

acquisition and was anybody going to say anything to me? Did I have a right to know? Where do I go from here? You know, there are a lot of questions and, yes, I have no problem at all directing them to RDA, as I was informed to do by Mr. Thomas, the president of the Logan Assistance Corporation. And they, the Logan Assistance Corporation, not only still exists, I'm a board member, even though there hasn't been a meeting in over two years. I really couldn't tell you what goes on, but I do check in periodically to see if there is any information or any decisions that were made and that was exactly why I asked to be put on the list to testify. I missed the testimony, as I now understand it today, regarding this. It was earlier this year. And, no, I did not have knowledge of it, or I would have been here just as I am today.

I just feel as though I should have been notified not only as a board member but as a homeowner occupant for a property that is being taken.

(Applause.)

MS. ANDERSON: And I would personally just like to ask -- nobody -- I don't think anybody

is against redevelopment or blight elimination. It is just the whole issue. As elected officials, one thing I would request in moving forward is to think not as properties, not to look at it as Logan consisting of 954 houses, properties, land. That was over 950 families. It was people, feelings. Your life is just thrown into turmoil.

(Applause.)

MS. ANDERSON: And consideration should be given, and, you know, it just kind of makes you suspicious and just to wonder if it is so good, if this plan is so good, why does it have to be so secretive?

(Applause.)

MS. ANDERSON: And I thank you for allowing me to testify.

COUNCIL PRESIDENT VERNA: Thank you very much.

Any questions or comments of the witness?

COUNCIL PRESIDENT VERNA: Thank you again.

Do we have any other witnesses that would like to testify? Please approach the witness

table.

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

MS. KUVAS: My name is Rosemary Kuvas. I'm a resident at 2100 North 2nd Street, that block, and I am the director of the Community Leadership Institute, and I stood before some of you on Tuesday. I was not planning to speak today, but the person who was going to speak today has gone because she thought that she could not speak. We just discovered when this person spoke that we could.

This is what has happened. In our neighborhood we had the American Street Empowerment Zone Urban Renewal Area. We discovered that a block that in our terms was solid, safe, beautified, was taken before any of the residents knew what was happening. They got no notice. This is probably a law you passed in this Council in December of 2001.

The residents of the 2100 block of North Bodine, which is my neighborhood, began to get letters that they had to move in January. Right now the person who left here today is the daughter of Don Ramon Hernandez, who is at 2150 North Bodine. Don Ramon today, his home is fit to be in Elfreth's

Alley, and so are the homes that are surrounding it, the five others. Right now those homes have been vandalized around him. As the person before me spoke, they are not just houses. Don Ramon and his family lived there 40 years. His mother owned the house. He lived there. He is raising his granddaughter. His daughter lives there and he is raising his granddaughters as well. These homes are not houses to us. They are our home.

I live on my block 30 years. There are people here who represent a total of a hundred years of having lived in our neighborhood. That was the first taking, was Don Ramon. They promised Don Ramon -- the RDA promised Don Ramon the world and he is in the process of negotiation thanks to the Councilman, who is going out of his way to help. However, Don Ramon is now living still in his home because he is waiting for homes to be finished. He is susceptible to being criminalized, vandalized and killed. He is in a bad state of being personally and healthwise because of this process.

All of this relates to bills before you related to NTI and the budget. We are not against NTI. We are against the taking of viable homes in

viable neighborhoods.

(Applause.)

MS. KUVAS: The second taking. So Don Ramon still does not have a firm answer. He keeps getting strung along in terms of an alternative site for his home. He is now in danger, in personal physical danger, to say nothing of the health, of being hurt because he is alone. He is a very stubborn man.

All the letters, by the way, were in English and most of the letters said you have 90 days to move. Those people who moved before him were frightened into moving, and his daughter, were she here, would testify to that fact because she made it very clear to us here. They were frightened into moving. Yes, they moved, but they were frightened into moving because they didn't think they have a choice.

The second taking. We found that out by accident, scattered site. This was not a whole block. Two houses on Cecil B. Moore. Two houses on American. Two houses on North Phillip. We know what this means. Bit by bit you are eking away at our community. It has taken us decades, decades, to

build our community safe. We have relationships. We are a family. We have many generations of family that live on these blocks, and the law -- we came here Tuesday. There were 25 of us. By the time that our ordinance came around, there were probably ten of us, and that's when we spoke.

You passed -- some of you in committee passed this ordinance on Tuesday. We want you to know that we do not accept this. We will fight this.

(Applause.)

MS. KUVAS: We have a right to stay in our homes. You do not have a right with NTI or with the budget or with anything else to take our homes and we want to tell you that. We didn't vote before, but we vote now.

(Applause.)

MS. KUVAS: And we will vote in increasing numbers, and those of you that care, those of you that care about your constituencies, I'm not sitting here as a representative of any organization necessarily. I'm a resident. 30 years it took us living through drugs, through drive-by shootings, through bombs, through the blight that we

had to create the kind of neighborhood that now these programs want to take because it's viable. We made it viable, not organizations. We made it viable.

(Applause.)

MS. KUVAS: Now, you passed the bills yesterday. I'm speaking specifically of 030303. That is not on your table today but will be on your table next Thursday. I want you to know that the press release that we passed out, of which we have more copies, somebody west of Bart Street got ahold of it and called us last night. They have a store that they have owned for two years. It is a money-making store, grocery store. They have apartments above. They own it. I saw the deed. They bought it. They have paid their taxes. They are Dominicans and they don't sell drugs. They own a store that is money-making and it is on the list. They didn't know it until someone gave them our press release and they saw their address on the list. How do you explain this? How do you explain that this business, because of the vote on Tuesday, is scheduled to be taken?

Those folks, we sent them to their

councilperson. I didn't know who it was. They are at, I think, 1445 or 1435 North 19th Street. I don't know which of you is in charge of that area, but that family is in trauma like Dan Ramon. He has lost weight. He looks a mess. He is having serious physical and health problems.

Now, I want you to think about this when you try to take our homes and our lots. The reason, by the way, we were here on Tuesday is because on my block, my neighbor's house, whose family has been there for 40 years, was listed for taking as an empty lot. It is a solid home with inhabitants. It was taken off the list because we caught it in time. We told the resident, who came to our office, the Community Leadership Institute, to go and talk to his Councilman. The Councilman moved quickly and took it off the list with the Redevelopment Authority. But you need to understand that the Dominican doesn't know that much English, the one who lives on 19th Street. He didn't have this advanced notice, and so what happens to the many, many people that are on your list like this? We will not be moved. That is a saying that was old and it still stands. We live there. We are going

to keep our neighborhoods and we want you to help us.

(Applause.)

MS. KUVAS: Now, we want a stop, a stop, a stop to the taking of homes. I don't care how you do it, what you do with the budget, what you do with NTI. We're not against NTI. NTI is good. The Mayor at least poured some money into the neighborhoods, and we are appreciative of that, but don't take our homes to build businesses of people that don't even live there. Fair housing.

(Applause.)

MS. KUVAS: We respectfully ask this of you and there will be more of us that come, but we respectfully ask this of you and hope that we will have a response next Thursday to say no more homes, occupied homes where residents want to stay, will be taken.

(Applause.)

MS. KUVAS: If they want to move, fine, but we do not want to move.

Thank you all very much.

COUNCIL PRESIDENT VERNA: Thank you very much. Are there any other witnesses that would like

to testify? Please approach the witness table. Kindly identify yourself for the record and proceed with your testimony.

MS. WARD: Good morning. My name is Sharon Ward. I am the child care policy director for Philadelphia Citizens for Children and Youth. I have a brief statement.

Thank you Council President Verna and Councilwoman Blackwell and members of the joint committee. I'm here today to urge your support for the amendment to reallocate $5 million of NTI demolition funds to support the child care health and safety fund. At a public hearing yesterday the finance committee members heard what I hope was compelling evidence about the need to make child care programs better and safer environments for 50,000 children who attend them every day.

At that time finance committee members expressed support for the value of investing in children and child care. I can't begin to express to you what that meant to the child care community, more than 1500 child care programs here in the City, and the child care teachers who are educating our children, toiling away in neighborhoods across the

city for very little pay and very little recognition and for the parents who struggle in all of our neighborhoods to balance work and family and just want a safe, affordable, quality program for their children.

Nonetheless, while embracing the goals, finance committee members did not support the mechanism that was proposed to make this dream a reality. We supported, embraced and fought for the administration's proposal to sell the library in order to support this fund. We appreciate Mayor Street's continued leadership on this issue from the moment he took office; nonetheless, we believe that you have before you a viable alternative proposal that we would urge you to support. There are three reasons that we urge you to do so.

The first is and I hope that the need has been established, and if anyone would like to ask any questions about that, I would be happy to do so.

Second, an investment in child care facilities is completely consistent with the Council and the administration's goals of neighborhood revitalization. Child care programs do not exist in

Center City. 95 percent of child care programs are in our neighborhoods serving those working families.

Third, the funds allocated for the child care health and safety fund would be matched by private philanthropic dollars. It seems like a good investment to spend $5 million when you can come to the table with $5 million more. And let me state that those dollars have been pledged to match the City dollars and without them we don't believe that they will exist.

I wanted to address the issue of having a health and safety fund that acknowledges the financial need of child care providers. We appreciate the efforts of Councilwoman Blondell Reynolds Brown who has fought for every dollar for this and we recognize there have been efforts to bring loans to these programs.

Let me point out that child care teachers in family child care homes make less than $10,000 a year. Child care teachers earn 40 percent of what their counterparts earn at every education level. Only 20 percent of child care teachers have health insurance. We are talking about poor people in our communities who are doing a vital service and

we have argued that these funds should be grants because child care providers cannot afford loans, and they can by raising fees to parents, which means that parents can't afford quality child care programs. It is a dilemma we have all been forced to deal with.

The proposal to reallocate $5 million from the demolition fund to support the child care health and safety fund we believe is a worthwhile one. NTI's acquisition, demolition and property acquisition policy has two goals. The first is to support affordable housing development and the second is for approved commercial and economic development activities that create job opportunities for low income individuals. Well, I can tell you that child care programs do that. They are commercial enterprises in our communities that are at risk of deterioration, blight and closure. When we invest in them, we create viable jobs for low and moderate income individuals in the very communities where we seek to undertake economic development.

The child care health and safety fund will help existing unlicensed providers, especially those in church-based programs, to become licensed.

This will bring in additional dollars as we will enable additional families to draw down state subsidy so they can support families attending child care and keep the costs low.

Finally, child care programs are an unacknowledged but an important economic engine of economic development. Recent economic impact studies have shown that if you look at child care as an industry it is often in the top five of private businesses and job creators in a community. We don't normally look at them as an aggregate, but they provide a tremendous amount of jobs and a tremendous amount of economic development, as they allow parents to work.

There is an agreement in principle that this is a good thing. There is momentum. The administration, we believe the Council, and the philanthropic community thinks this is a good idea and this is a good time to do it. We need to seize the momentum and to fulfill the promise. We fully understand there are many competing priorities and we have heard of several of them today. Frankly, reallocating funds from the demolition portion of NTI seems to be the thing that will do the least

harm, the most good, and will enable Council to support the important priorities that you have such as affordable housing for people in the City of Philadelphia, which is really necessary.

(Applause.)

MS. WARD: Let me finally say is that the way we view this is that the priorities that the Mayor has set forth in his budget address, refinancing and renovating the library, a child care health and safety fund and renovations to the schools in order to ensure that they are the focal point of the community are priorities that we continue to support and believe that this Council supports as well. We believe there is a viable proposal in front of you to do so and we would urge you to support it. Thank you.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

There is a question for the last witness. Would you return?

And let me say also that we have had several days of testimony and we want people -- we are happy to recognize people who have not spoken

before, but we do not think it is fair that at this point we have people who have spoken two or three times before to speak. So we say that for anyone in line who has already spoken. Thank you.

COUNCILMAN GOODE: Good morning. I don't think anyone within this Council and the administration takes issue with anything that you have said in terms of child care facilities being businesses and being key economic development components, particularly within community economic development. I think the issue at hand is actually the source of funding for the child care health and safety fund.

The first proposed mechanism was the library deal. Now there is a second proposed mechanism because some people chose to kill the library deal, but in testimony this morning there was talk about private sources of funding. For the record, what is the best source of funding? Would you prefer public funding or would you prefer private funding, particularly in light of the fact that we are talking about the child care health and safety fund as being a loan fund and the City by charter cannot loan funds. The only thing we can do

is actually invest public dollars to try to spur private investment, and if we spur that private investment by having reached out to a group like the reinvestment fund that is willing to do the lending, that is already, I believe, probably the biggest child care financing entity within the City of Philadelphia, as well as the biggest financier of charter schools, why not choose private funding with limited public resources over public funding?

MS. WARD: I think a couple of things, Councilman Goode. First, the City has already been investing about $300,000 in this fund on an annual basis, this would be, in essence, an increase of that.

I think, secondly, the Mayor has done a really good job of coming forth and saying I'm willing to put $5 million on the table and has gotten commitments from --

COUNCILMAN GOODE: My question was the use of public investment as opposed to spur private investment, the use of that $300,000 fund to spur private investment in a place like the reinvestment fund works. Why not let it work rather than use public tax dollars over private investment?

MS. WARD: The public dollars would leverage the private dollars. The $5 million --

COUNCILMAN GOODE: The public dollars have already been spent, may have already leveraged the private dollars.

MS. WARD: I think that they have. I mean I think you're right. What this is is the first step on what we hope is a reverse pyramid. Those dollars, the Mayor has already gotten a commitment for $5 million from private foundations to match those dollars. In addition, there's some talk about the state also coming in and making some contributions. Finally, it enables us to license more child care programs and bring in more state monies so the public dollars bring in the other ones.

COUNCILMAN GOODE: I guess the simple question is, if we can use all private funding, now the library deal has been killed, now if we can reach out to the reinvestment fund and replace those public dollars with private dollars, isn't that the best use?

MS. WARD: I think we can't. I think the private funds are contingent on the public funds

and the child care programs that can afford loans do so through the reinvestment fund.

COUNCILMAN GOODE: You think that the private funds are contingent upon the public funds? How would you make that assessment? Have you talked to the people who -- how would you make that assessment?

MS. WARD: My understanding of the arrangements for the child care health and safety fund is that the City would create $5 million and the Mayor has gotten commitments based on that commitment from private foundations to put additional dollars in.

COUNCILMAN GOODE: So this is actually the administration's commitment from the private sector, which they are better prepared to speak on than you are.

MS. WARD: Certainly.

COUNCILMAN GOODE: Thank you.

COUNCIL PRESIDENT VERNA: Thank you. Just a moment, please. Councilman Cohen, did you want to ask this witness a question, or did you want to make a comment?

COUNCILMAN COHEN: I wanted to make a

brief comment to Miss Ward. I think she presents a very interesting case. I don't think she really has to. I don't think she is the person or her organization is the organization that has the responsibility for ultimate decisions, but she has assumed a burden she doesn't have to. It seems to me she has a wonderful case about children, about the need to give them the right kind of care which private resources at the moment can't resolve and she has a strong case just on the need itself and I wanted to commend her for presenting it so eloquently and to congratulate her on her willingness to get involved in the City's finances. If you can understand them, my hat is off to you because after all of these years it seems to get more confusing each year and I'm not sure that the facts are confusing, but I think those who control the facts think it is in their interest to confuse the picture to eliminate any discussion about whether they are right or wrong, but you go on your way. You have a wonderful case, and the government has a responsibility to find a way to give the proper support to the children. And with your kind of support and the support of the people in this

room here today I think we are going to succeed. Thank you very much.

MS. WARD: Thank you, Councilman.

(Applause.)

COUNCIL PRESIDENT VERNA: Please identify yourself for the record.

MS. SMITH: My name is Carolyn Smith and I'm representing the people in the model cities areas and the Cecil B. Moore areas. We have some concerns about the bill that is up for affordable housing. When you look at the report for City Council and you see the heading, it states those councilpersons that are for affordable housing and those councilpersons that are not for affordable housing.

What we have found out as residents is that this is just a caption, but we do not believe that Council in full is aware of some of the tactics that are being used. It was determined in the session yesterday that many errors have been made in sending people letters for their homes to be taken and in particular our councilperson, Mr. Clarke, Councilman Clarke, told us in the meeting yesterday that the people who had received letters in the 1800

block of Master Street were received in error and that they were going to be given letters indicating that this was an error.

Now, this is what our problem is. In the North Philadelphia area you have blocks of totally abandoned houses and just around the corner from the 1800 block of Master in the 1400 block of North 17th Street the entire block is boarded up. So we are saying to you that we want City Council to be aware when they give these people the right to go out and do this affordable housing building, that they not take homes from people where they are living and keeping their blocks in good shape.

(Applause.)

MS. SMITH: There are only five homes in our block that need to be redeveloped. Why did they select that block and not go around the corner to where there is a complete block of 60-some houses that are boarded up?

(Applause.)

MS. SMITH: So what we are saying to City Council is before you give them carte blanche to go into our neighborhoods that you get someone that will look into it and see to it that it is not

a political move to pull us out of our neighborhoods and then make it possible for someone else to come and live there.

(Applause.)

MS. SMITH: What we also want to say to you is that a number of the people who received notices, they were shoved in their doors. They didn't even have a stamp on them. There are two councilpersons that if you have any questions that you can speak to who were here and saw what was going on with the people and that is Councilman Ortiz and Councilman Cohen. Councilman Kenney chaired the meeting and he was frustrated with what was happening to the people.

So we are here to beg Council today to take another look at what you are giving these people carte blanche to do. They are tearing up people's lives.

(Applause.)

MS. SMITH: There were five members of my family down here who live in that block who were directly affected by receiving those letters and that is totally unfair. And when we got here, we were here all day, Councilwoman Verna, all day.

When we got here at 9 o'clock yesterday morning before the Councilpeople came in, someone came in and said this is not where you needed to be, although the letter that we received said come to room 696 at 10:00 a.m. because we are going to take your house and you need to know how we are going to take it. Then when we got here, they sent us downstairs to someone else to speak to us and the person to whom we spoke to who gave us such lousy -- I stood in the front and watched each person that asked him a question and I saw how he straddled the fence. I was sick when I came up here and found out he was the man that sat at this desk and at every call of every number said we want rules to be suspended so that this can go through on Thursday. I don't think that they should be allowed to be the persons to come and talk to us. They are not going to give us the right information.

People came down here in droves and left here confused and still upset and are not sleeping. So we are saying to you, especially these particular councilpersons, Councilperson Jannie Blackwell, Councilperson Darrell Clarke, Councilperson Donna Reed Miller and Councilperson Marion Tasco, we are

asking you because we believe that you know the pulse of the community, to take a second look at what they are doing to your people, please.

(Applause.)

COUNCILWOMAN BLACKWELL: Thank you very much.

Again, as we say, we have had many people to speak. Certainly we cannot permit the same witnesses to speak three times, two or three times.

UNIDENTIFIED SPEAKER: Well, that is incorrect, and I think that your personal differences with me have --

COUNCILWOMAN BLACKWELL: I'm sorry. We cannot permit the same people to speak. We will ask the sergeant-at-arms, please, to escort the witness out. We cannot have the same person speak three times. It is not fair to the people who have waited all day and for days and days for resolution of the issue. Thank you very much.

UNIDENTIFIED SPEAKER: I am not going to go out. It is unfair for you to have me dismissed.

COUNCILWOMAN BLACKWELL: Thank you very much.

Are there any other witnesses that would like to speak?

COUNCIL PRESIDENT VERNA: Please approach the witness table.

MS. SMITH: I think it is unfair for her to not let him speak because of her personal grudge against him for yesterday. I spoke yesterday. You didn't stop me from speaking. I don't think it is fair. You just have a personal grudge.

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

MS. HERNANDEZ: I'm here for my dad, Ramon Hernandez, for the houses that have been taken from 2150 Bodine Street. We say that we were actually like forced because they just sent a letter and like we had to just leave. The whole people that were living there in the neighborhood, they already had gone. We are still there trying to figure out what we are going to do, waiting on relocation, but we haven't had no response or anything from the RDA yet or anything, but we actually out. We don't have nothing in writing, no numbers, nothing, just like eviction letters to

leave.

COUNCIL PRESIDENT VERNA: Have you had any communication with your councilperson? I don't know who it would be.

MS. HERNANDEZ: Well, we had meetings and things like that, but nothing in writing like, you know, no further communication right now.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco, do you have any questions or comments of this witness?

COUNCILWOMAN TASCO: Not this witness. I'm sorry.

COUNCIL PRESIDENT VERNA: Any questions or comments of this witness? Seeing none, thank you.

MS. HERNANDEZ: Right now the string has broken. We just don't have nowhere to hang on. Right now the whole families from the neighborhood has left. All the houses are like boarded up. We're there. We are scared for our life. A lot of people had came to the other houses and street people come.

COUNCILMAN ORTIZ: Where did they go?

MS. HERNANDEZ: They went somewhere

else. I don't know where they at.

COUNCILMAN ORTIZ: The families that they took out, where are they?

MS. HERNANDEZ: They went on their own. I don't know about them. All I know is that me and my father waiting still.

COUNCILMAN ORTIZ: Your father is still in his house?

MS. HERNANDEZ: Yes. We are waiting for the RDA to see --

COUNCILMAN ORTIZ: You don't know about the other families?

MS. HERNANDEZ: No, we are not in contact like that. We're just waiting to see where we are going to get relocated.

COUNCILMAN ORTIZ: How much money did they promise you, ma'am?

MS. HERNANDEZ: We don't know anything. We don't have nothing in writing. All we know is we just have letters that you have to leave in 90 days.

COUNCIL PRESIDENT VERNA: Mr. Wetzel, I'm sure that you have information on this case. I think it would behoove you to at least talk to the witness.

COUNCILMAN ORTIZ: All of the houses were in good condition?

MS. HERNANDEZ: Yes. Nobody in the neighborhood wanted to leave, no.

COUNCILMAN ORTIZ: But none of the houses were in imminent danger of falling down?

MS. HERNANDEZ: Nobody never had plans to leave out of there at all. It was one day they just sent a letter. I guess they got scared, whatever, and they thought that they had to leave.

COUNCILMAN ORTIZ: What did they tell you?

MS. HERNANDEZ: They said they had a letter they had to leave.

COUNCILMAN ORTIZ: But why? Why did you have to leave? What did they tell you?

MS. HERNANDEZ: The reason they had to leave is because the City was taking the property.

COUNCILMAN ORTIZ: But why was the City taking the property? Did they give you a reason why the City was taking the property?

MS. HERNANDEZ: No.

COUNCILMAN ORTIZ: They never told you?

MS. HERNANDEZ: No. I heard they was

going to put trees in the neighborhood and stuff like that.

COUNCILMAN ORTIZ: They told you you have to go because they are going to put trees in the neighborhood?

MS. HERNANDEZ: They are going to make the city look better, but we didn't want to leave. We didn't ask to leave; you know what I mean?

COUNCILMAN ORTIZ: What reason did they give you for taking your house other than they were going to put some trees?

MS. HERNANDEZ: They were going to make other companies, commercial, factories and stuff like that.

COUNCILMAN ORTIZ: They are going to what?

MS. HERNANDEZ: Make factories.

COUNCILMAN ORTIZ: Factories. And did you and the people in your block know that they were going to make factories out there?

MS. HERNANDEZ: I don't know what they know.

COUNCILMAN ORTIZ: Did anybody tell you anything?

MS. HERNANDEZ: To me in my situation, I think that they just read the letter and they thought they needed to be forced or they were forced to get out.

COUNCILMAN ORTIZ: We keep saying that this is a plan that hasn't been thought out and the people have not been communicated with and we need a moratorium on all of this. We just need to stop taking any of the houses --

(Applause.)

COUNCILMAN ORTIZ: -- anywhere. We need a moratorium.

MS. HERNANDEZ: We actually forced because we didn't see this coming. Even though it is coming, it is not fair for us. We are not selling. We didn't ask to move. We don't want to move, but we want an option. We want relocation or whatever.

COUNCILMAN ORTIZ: In the defense department Donald Rumsfeld a few months back was talking about the destruction of some civil homes that were not enemy participants, but he referred to it as collateral damage and it seemed that there is a lot of collateral damage happening throughout the

city and it is because he has this program. It has not been thought out.

Any program that makes headlines and says "City Vote Vows Better Notification When Taking Property," and they already are taking the property and they are admitting that they haven't done it correctly, I think that administration should stop taking any property whatsoever --

(Applause.)

COUNCILMAN ORTIZ: -- period. When you have a headline like this at this late in the game and they want to take thousands of properties from across the city, I think this is an administration that doesn't know where it is going and should stop the taking.

(Applause.)

MS. HERNANDEZ: I would like to know what is going to happen now, now that we are out. We are forced to be out. So what is going to happen next?

COUNCILMAN ORTIZ: Did they tell your father that they were going to give him money for his property?

MS. HERNANDEZ: They said, yeah, but no

letter, no amounts, no nothing.

COUNCILMAN ORTIZ: They just came in and said we are going to give you some money. They didn't say 50,000, a hundred thousand?

MS. HERNANDEZ: Yeah, no letter, no nothing. They said that if we don't move by the time that everything will be demolished, that if he stays there until the end, they will make him pay rent in his own property.

COUNCILMAN ORTIZ: Say that again, please.

MS. HERNANDEZ: If he don't leave by the deadline, before the sheriff comes or whatever, like if he has a certain date, let's say like tomorrow, if starting tomorrow he is not out, he will have to pay rent on his own property.

COUNCILMAN ORTIZ: Mr. Wetzel, you keep shaking your head. Is she lying?

MS. HERNANDEZ: No, I'm saying the truth.

COUNCILMAN ORTIZ: You are going to tell me that she is lying, that she was not told that?

MR. WETZEL: No. What I'm saying is we have been working with Councilman Mariano's office

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with Walt Trudeau --

COUNCIL PRESIDENT VERNA: You have to identify yourself for the record, please.

MR. WETZEL: I'm sorry. My name is Herbert Wetzel, executive director of the Redevelopment Authority.

We have worked out an arrangement that this individual is going to be moving and, my understanding, has agreed to wait to move to a new house being constructed by --

COUNCILMAN ORTIZ: He is obviously being forced to move.

MR. WETZEL: Wait, wait, wait. You can tell me if that is not right. This is my understanding, and I could be wrong in my understanding, but it is my understanding that arrangements have been made for this individual to stay in this home and that the individual has a desire to purchase -- NorSquare Civic Association is building a series of new homes that are under construction, and it my understanding this individual's desire is to move into one of those new homes and we were working with them to assist him.

COUNCILMAN ORTIZ: Did you hear what he

just said?

MS. HERNANDEZ: We can purchase any home we want if we were looking for it, but who says the amount we are going to get? Where is everything in writing; you know what I mean?

COUNCILMAN ORTIZ: Did you agree to move? Did your father agree to move out of that house?

MS. HERNANDEZ: We didn't agree anything. We haven't signed anything. We got an option. Either we stay -- we would love to stay.

COUNCILMAN ORTIZ: Obviously they wanted to stay. It is being made impossible for them to stay. Of course they are going to agree to something. You are forcing them to agree.

MS. HERNANDEZ: We have to go. They say you have to go. We don't want to go.

COUNCILMAN ORTIZ: They didn't want to go.

MS. HERNANDEZ: I am going to repeat it again and again. We did not want to go, not even the other parties that were living there, the other residents.

COUNCILMAN ORTIZ: And it seems like

none of the other people wanted to go either.

MS. HERNANDEZ: We did not want to go.

COUNCILMAN ORTIZ: Something is wrong. Something is wrong.

MS. HERNANDEZ: There was a choice made for us. Right now even if we are looking for houses --

COUNCILMAN ORTIZ: When did they start? When do they start talking to you?

MS. HERNANDEZ: We have not been really listening to anything. No promises, no nothing.

COUNCILMAN ORTIZ: She is obviously lying, Mr. Wetzel?

MS. HERNANDEZ: We know that we have to go, but where? Who is going to pay to be relocated? Who is going to pay for the houses? How do we know that they is going to pay for the house?

COUNCILMAN ORTIZ: Now you have to go because you cannot stay there, right?

MS. HERNANDEZ: And he is there all by himself trying to fight. That's why I'm here for him today because he is sick. He is sick. He can't move. That's why I'm here to represent him and testify for him today.

COUNCILMAN ORTIZ: How old is he?

MS. HERNANDEZ: 64.

COUNCILMAN KENNEY: Point of information.

MS. HERNANDEZ: They beat him up so bad.

COUNCILMAN ORTIZ: One man, one life, one family.

MS. HERNANDEZ: Go, go, go. Where? Where is the money?

COUNCILMAN ORTIZ: You need to rethink everything that you are doing. That's all. Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Kenney.

COUNCILMAN KENNEY: Madam President, over the last number of days this Council, its Finance Committee, its Rules Committee, its Committee of the Whole and now its entire Joint Committee of Finance and the Whole has been through along with the general public an absolute disgraceful display of ineptitude and incompetence and the inability to be prepared in this whole movement of 20 bills spending in excess of $295 million over the life of this project or this

policy.

I just want to express my disappointment and my frustration.

COUNCIL PRESIDENT VERNA: Councilman, I think you deserve a little more respect than you are getting. There is entirely too much noise.

COUNCILMAN KENNEY: This chamber has been reduced to a combination of an auction house, sheriff sale room or landlord/tenant complaint room.

We are in the process now of probably sending out 20 bills on acquisitions and the spending of money and all the things that we are doing, taxpayer's loans and taxpayers' dollars, and we are doing this in an environment of chaos. It is absolutely chaotic and ridiculous and we are being just run over on this situation. We are going to probably do it, but, you know, you sit in here long enough and you realize that this kind of policy, these kind of bills, should not be discussed in this environment. People should not be tortured and be brought in here to wait for hours to sit and to plead with us who really can't control whether or not their house gets taken or not and they're looking for someplace to go for relief and they

can't get it here. It is just a terrible circumstance that we have to deal with and there is no reason in the world we should be dealing with it. We should have done this, if we were going to do it, spread out over a course of a year or two and deal with these bills one at a time instead of 20 at a time, and we have to have these people coming in here, scared to death they are going to lose their homes and we don't have an answer for them. It is absolutely ridiculous and I want it on the record because it's insane. Thank you.

COUNCIL PRESIDENT VERNA: Thank you.

Councilman Goode, your light was on. Did you want to be recognized?

COUNCILMAN GOODE: No.

COUNCIL PRESIDENT VERNA: Thank you. The Chair recognizes Councilman Cohen.

MS. HERNANDEZ: Can I say my last word, please?

COUNCIL PRESIDENT VERNA: The councilman wants to be recognized.

COUNCILMAN COHEN: Thank you, Madam President.

I just wanted to add to Councilman

Kenney's remarks. If people have the patience to sit through this and get to our official Council meeting later on today -- just when, we don't know, but it will take place at some point -- on behalf of Councilman Kenney, Councilman Ortiz and myself, I will be introducing a resolution that calls for what I think is needed, at least the first step. I will be introducing a resolution on behalf of the three of us, and we will see what other Council members feel about it, to establish a real office of homestead security, an office to protect the people in their homes --

(Applause.)

COUNCILMAN COHEN: -- and a consumer advocate for this specific purpose to see that homeowners are protected because it seems to me that more direct danger comes not from the overseas terrorists, but from the people who operate the City of Philadelphia and the Redevelopment Authority.

(Applause.)

COUNCILMAN COHEN: So I just want you to know you taught us a lesson. We think it's disgraceful that you have to come, and beyond that it is disgraceful not that you have to come. You

ought to come because you are interested citizens, not come out of desperation that somebody is taking your home away from you. That ought to be clearly forbidden. And we are going to hold investigative hearings if this resolution passes the City Council later today to find out what happened here and to see that it never happens again.

(Applause.)

COUNCIL PRESIDENT VERNA: Do you want to complete your testimony?

MS. HERNANDEZ: I want to go home today knowing peace of mind that I can sleep today in peace to know that the RDD or the TNA, whatever. What else is going to happen? What are they going to do? I want to go home and talk to my dad and reassure him that everything is okay.

COUNCIL PRESIDENT VERNA: Mr. Wetzel will personally discuss this issue with you and he is right there. He will meet you in the corridor.

Thank you very much. Are there any other witnesses to testify? The Chair recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Yes. I just wanted to make a comment, Madam President, regarding the

testimony given by Miss Anderson, but before I responded, I wanted to make sure that the information that I'm going to share is correct.

Miss Anderson, the Logan area was declared a relocation area in 1986 and admittedly Miss Anderson purchased her home in 1992. Correctly she stated it was very difficult for us to get anyone to stop the sale of houses in the Logan area; however, there have been plenty, plenty and much highlighted information about the Logan sinking home area.

All that aside, prior to our declaring the urban renewal area for the Logan triangle, because there is interest in developing that area, and thanks to our Governor Rendell and prior Mayor Rendell, we were able through Section 108 loan money from the City to relocate all of the families out of the Logan area. They have been out for at least three years. There are about four families in that community that were declared ineligible because they moved in much, much later than the time that the law would allow us to relocate them as eligibles. But we declared the area an urban renewal area. There was a public meeting in the community,

well-announced, well-advertised, to discuss this with the community.

We issued and had a hearing on the urban renewal area some time ago so that we could move forward with our development. As a result of declaring the area urban renewal, Miss Anderson and the other ineligibles are now eligible for relocation of services that were given to the other residents from that community.

So I just wanted to make it clear that we are not about moving people out, but there are laws and restrictions that we have to abide by. By declaring the area urban renewal, she is now and will be made whole. When the process moves forward and we get to that point, she will now receive the relocation services received by everyone else.

I believe people have a right to make comments and to make public testimony, but I certainly like to have people and appreciate honesty in their testimony and this information was given to Miss Anderson yesterday by Mr. Wetzel from the Redevelopment Authority. I just want that clear on the record, that everyone in that area has been informed and she is well informed as well as a

member of the board of the Logan Assistance Corporation. Thank you.

COUNCIL PRESIDENT VERNA: Thank you, Councilwoman.

At this time we will take a ten-minute recess.

MS. ANDERSON: Can I say something?

COUNCIL PRESIDENT VERNA: No. We are finished with the testimony. If there is anything -- excuse me. If there is anything that you would like to discuss with the councilwoman privately, that's your prerogative, but we are finished with the public hearing.

We will take a ten-minute recess at this point in time. Thank you.

(A recess was taken from 12:05 p.m. to 12:50 p.m.)

COUNCIL PRESIDENT VERNA: While we are on recess, Councilman Cohen would like to recognize someone who wants to make very brief remarks, and I believe we only have one witness who will testify. We are not going to open up the meeting again.

COUNCILMAN COHEN: There is a Dominican family here who has a tale to tell us briefly about

what happened to her as she tried to be a homeowner in Philadelphia. I'm asking and the President and the Chair of the finance committee have cooperated in making this time available, so would Rosemary Kuvas and the Dominican person who is going to testify and the interpreter, if necessary, come forward. I would ask that it be done in just a few minutes. This testimony will be made part of the testimony of the finance committee.

COUNCIL PRESIDENT VERNA: Again, I would ask you to try to be as brief as possible because we still have our Council session that we are going to have to finish.

MS. KUVAS: I'm only here as a translator at this time.

COUNCIL PRESIDENT VERNA: Okay. Fine.

(Mr. Penya gave his testimony through the interpreter, Ms. Kuvas, at this time.)

MR. PENYA: My name is Ramon Penya, and I have a grocery store at 1445 North 19th Street.

COUNCIL PRESIDENT VERNA: Is this the same grocery store that you spoke about earlier?

MS. KUVAS: This is the grocery store that contacted us last night.

MR. PENYA: Last night a neighbor brought information to me, an article that was part of a press release that the Community Leadership Institute put together and that's how I got the number, that my house would be taken, knocked down, and I had received no notice of this. My family's survival depends on this business that we have, my family's well-being.

MS. KUVAS: There are three families, him, his daughter, and I suppose another child and spouse.

MR. PENYA: Last night I had a nightmare. I couldn't keep track of all of the children and nephews and grandchildren but there are about -- I counted about 14 people that depend on this grocery store and this business. It is their sole source of income.

I have 20 years in this country and I have all of my sweat, all my efforts, all my money invested in my store.

That's it. Thank you very much.

COUNCIL PRESIDENT VERNA: Thank you.

(Applause.)

(A recess was taken from 12:55 p.m. to

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1:15 p.m.)

COUNCIL PRESIDENT VERNA: This concludes the public hearing on the bill and two resolutions that we have had before us. We will now go into our public meeting and the Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam President and Madam Chair, both Chairs of the joint committees. Madam Chairs, it would be helpful I believe at this point if we could have Miss Smith and Mr. Hanna at the table. There are proposed amendments to Bill 030372 and Resolution 030306. Those amendments are being distributed at this moment. The City administration is putting forward amendments that have been the topic of conversation this morning. Councilman Clarke specifically and a number of members have been engaged in a variety of discussions around these issues and we believe we have reached agreement for moving this process forward.

I want to ask Miss Smith and Mr. Hanna if we could go through these two amendments to lay them out line by line showing where money is going, showing where money is moving from, and to provide

the assurance on the record that these are all net increases and that the programs as laid out in the budget are not being touched in any negative fashion and I think it will be helpful as we move through.

If I can ask the two witnesses at the table if we could start with proposed amendment to Bill No. 030372.

COUNCILWOMAN BLACKWELL: Before they do that, we would like to announce that other State Rep, Ron Waters, is here. We thank him for coming to our hearing. State Representative Ron Waters, thank you. Welcome.

COUNCILMAN NUTTER: The context of where we are is that there has been a significant amount of discussion by the housing coalition regarding a $10 million amendment to the combination of NTI programs, CDBG budget, and the movement of dollars in the amount of $2-1/2 million for the neighborhood-based rental program, $5 million for the BSRP Tier 2 program, and $2-1/2 million for the adaptive modifications program.

(Applause.)

COUNCILMAN NUTTER: Secondly, there has been an expression of support for the child care

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health and safety fund and a proposed increase of that fund of $5 million. Those are the topics of the two amendments.

(Applause.)

COUNCILMAN NUTTER: Miss Smith and Mr. Hanna, if we can start with Page 221 of the budget detail, of the CDBG Year 29 plan. If you can lay out where the increases are and how the numbers total up, that would be helpful, Page 221 of the proposed amendments to Bill 030372.

MR. HANNA: My name is Kevin Hanna, and I serve as secretary of housing and neighborhood preservation.

On Page 221 the first account line item to be affected is under Section B, affordable rental housing, neighborhood-based rental production, for CDBG year 29, fiscal year 2004. That number becomes $7,648,000. That is an increase of $2.5 million from what was originally proposed. That $2.5 million increase will come from decreasing the basic system repair line item on a subsequent page by a like amount.

So we are taking $2-1/2 million from basic system repair. And you have to hear me out

for the entire thing because we are going to be up and down, but at the end we will be where we need to be.

We will take 2-1/2 out of CDBG funds that were allocated for basic system repair and we will allocate that now to the neighborhood-based rental production, so that that number goes from $5,148,000 to $7,648,000, again, a $2.5 million. And all of the totals, all of the totals follow going down, going on down those respective columns, both for the CDBG and the grand total.

COUNCILMAN NUTTER: Reflecting a $2-1/2 million increase?

MR. HANNA: Yes, correct.

COUNCILMAN NUTTER: And we should move to Page 222.

MR. HANNA: Going to Page 222, under Section B, emergency repairs preservation and weatherization, Line Item No. 3, weatherization and basic system repair program, again, pursuant to what I just said, $2-1/2 million comes out of that to be placed into the rental rehab program, leaving $4.8 million. That $4.8 million will also be taken out of CDBG funds in addition to $200,000 from the Line

Item No. 5, the sharp senior housing repair program. $200,000 comes from the sharp program. $4.8 million comes from the weatherization. Those funds are pulled out of CDBG.

Those two programs -- well, go back up to Number 3, the weatherization and basic system repair program. That program will now be funded entirely with NTI bond proceeds, tax-exempt bond proceeds, to the tune of $12.3 million.

Going back down to Line Item No. 5 --

COUNCILMAN NUTTER: Now in the NTI column as opposed to the CDBG column in the amount of $12,300,000?

MR. HANNA: Correct. So that that $12,300,000, when added to the 450 that is still there from the state, comes to a grand total for weatherization -- well, basic system repairs to a grand total of $12,750,000.

COUNCILMAN NUTTER: Which is a net $5 million increase in that line because the line originally was $7,750,000?

MR. HANNA: Right.

COUNCILMAN NUTTER: The sharp program, the $200,000 that you took in CDBG money, is being

replaced by NTI money in the same line, separate column.

MR. HANNA: Correct. So that the grand total for that particular line of $325,000 stays the same.

COUNCILMAN NUTTER: Exactly.

MR. HANNA: We are just taking it from different pots. And, again, those totals will be reflected as you go down the CDBG and the NTI column.

COUNCILMAN NUTTER: And the total total column, right?

MR. HANNA: Correct.

COUNCILMAN NUTTER: Page 223.

MR. HANNA: Yeah, there was one change to Page 223, but this goes back to this morning's discussion.

COUNCILMAN NUTTER: Exactly.

MR. HANNA: The adaptive modifications line item which had been budgeted at $2.5 million, 2 million from CDBG and $500,000 from the state, that will continue to be supplemented by an additional $2.5 million in NTI tax-exempt bond proceeds for a grand total of $5 million or net increase of $2.5

million.

COUNCILMAN NUTTER: Exactly. Page 227?

MR. HANNA: 227. This really speaks to grand totals, but before I get to these grand totals, let me first tell you what the net change is. Well, actually there is one other issue, the child care fund that is not on this page.

COUNCILMAN NUTTER: That is on Page 227.

MR. HANNA: There will be an additional line added to this page which reads child care health and safety fund. A new line item is added there. A new line item is added on Page 227, which reads child care health and safety fund program. That program will be funded with $5 million in CDBG funds.

Through all of the either gyrations that we just went through, we essentially freed up $5 million in CDBG dollars. All 5 million of those dollars all be applied to -- will be used to create a new child care health and safety fund.

(Applause.)

MR. HANNA: So, again, I have told people this is a lot like making sausage. It's a real ugly process, but what you want to look at it

is the end product. The end product is the creation of the child care fund of 5 million -- which will be capitalized to the tune of $5 million, a $2-1/2 million increase in rental rehab, in the rental rehab program, a $5 million increase in the basic system repair program, and a $2.5 million increase in adaptive modifications.

COUNCILMAN NUTTER: One last item: On Page 227 you will also see -- the handwriting is a little small. We also had to carry down the sharp home repair program, the $200,000, which is in the NTI column.

MR. HANNA: Right.

COUNCILMAN NUTTER: So the total of the NTI column, the final final number, is now $121,236,000, correct?

MR. HANNA: Correct.

COUNCILMAN NUTTER: When the NTI FY '04 budget was introduced, that budget was $106 million, correct?

MR. HANNA: Correct.

COUNCILMAN NUTTER: Then it went to $116,236,000 to reflect the $10 million increase for the affordable housing coalition recommendations on

the three programs we discussed?

MR. HANNA: That is correct, Councilman.

COUNCILMAN NUTTER: And now the final total is $121,236,000 to reflect the additional $5 million for the child care health and safety fund, correct?

MR. HANNA: That is correct.

(Applause.)

MR. HANNA: If I may, Madam Chairperson, I would like to add one other thing. Then I will pass the mike on to Miss Smith. The administration continues to be committed however to hopefully, as Councilman Goode so articulately put it, find the funding source from a private source as opposed to using public monies. To the extent that we can find private sources, those private monies will supplant any public monies that are budgeted pursuant to this particular budget. Thank you.

COUNCILMAN NUTTER: Do you have the other proposed amendment to Resolution 030306?

COUNCIL PRESIDENT VERNA: Does anyone have any questions or comment on the amendments?

The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Madam President, I

can hold my comments. They were not necessarily specific to the amendments. I just wanted to reference the process, so I can wait until Miss Smith and Mr. Hanna finish their testimony.

COUNCIL PRESIDENT VERNA: Thank you. Councilman Cohen?

COUNCILMAN COHEN: Madam President, I would like to get a commitment that before there is a substitution of private monies that Councilman Nutter, who seems to have accepted the responsibility on behalf of the City Council for the funding arrangement, that he be consulted with respect to that source to make sure there is no disagreement between Council and the Mayor on the source.

MR. HANNA: I think we can agree to that.

COUNCILMAN COHEN: I don't think there will be any problem, but I just want to make sure.

MR. HANNA: For the record, I think we can agree to that stipulation. The administration will, in fact, contact Councilman Nutter upon the identification and confirmation of funds that --

COUNCILMAN COHEN: Is that okay with

you, Councilman Nutter?

COUNCILMAN NUTTER: Councilman Cohen, thank you so much because I really had not planned to do anything else this summer, but, Councilman Cohen, I appreciate that. I'm pleased to participate in any meetings or discussions. I think what I would like to do is recommend that the Council President and the Chair of the Finance Committee be the first sources of contact in this particular regard. I will be pleased to be a participant in it, but I would strongly recommend that the leadership be the first points of contact, and if the administration would keep me abreast of what's going on, I would be glad to bird-dog it.

MR. HANNA: We will do that then.

COUNCILMAN COHEN: I have no objection to that, but I do think it is important that we know the source of it. In the State of New Jersey currently there are all sorts of investigations ongoing and all kinds of problems as a result of a series of billboard bills. I don't know the details of them, but I would not like to see that occur here.

COUNCILMAN NUTTER: I think we should

have a billboard debate right now.

(Laughter.)

COUNCILMAN NUTTER: We should have full discussion of the billboard situation.

Thank you, Councilman. I understand. I'm only playing with you. It has been a long day. Thank you. I will stay on it, Councilman.

COUNCILMAN COHEN: Very good.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco, did you want to be recognized?

COUNCILWOMAN TASCO: Yes. I just want to be clear in that you will not hold up issuing grants from this pot of funds waiting until you find a private source. We want you to look that that private source money will be found, but don't hold up the grant money saying we are waiting for private funding so we are not giving out any grants.

MR. HANNA: The only holdup, as I have been informed, would be the grant contract from HUD. We cannot commit the funds to anybody until we actually get the grant contract from HUD because these are CDBG monies. But, yes, we will not hold up processing anything while we are looking for private sources of funding.

COUNCILWOMAN TASCO: Thank you.

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Mr. Hanna and Miss Smith, if there are no other questions on the previous amendments to Bill 030372, if we could run quickly through the proposed amendment to Resolution 030306, that's the NTI, five-year NTI budget, from Page 7 in the program statement of budget.

MS. SMITH: That's correct. On Page 7 of the program statement of budget we are amending FY '04 to reflect $12.3 million being added to the basic systems repair program, Tier 2, 2.5 million to the adaptive modification program, and 200,000 to the sharp home repair program, bringing the total resources for FY '04 to $121,236,450. We adjusted our projections for fiscal year '07 expenditures to decrease the line item of residential demolition to a total of 13 million. That will make it a total of $25,900,00 in total for NTI resources in FY '07, and then when we adjust the five-year budget, the total amount that will be available for residential

demolitions is 117 million, the total amount for basic system repair program, Tier 2, 12,300,000, for the adaptive modification program 2.5 million, for the sharp home repair program 200,000, and that still brings us with a total five-year budget of $275 million.

Similarly, on Page 9, which is actually the detail for FY '04, under housing and neighborhood preservation we are allocating 12.3 million for the basic system repair program, Tier 2, and a description of that was attached on Page 42, so the program statement would be revised to reflect that; the adaptive modification program 2.5 million and the sharp home repair program 200,000, again for a total of bond proceeds in FY '04 of $121,236,450.

COUNCILMAN NUTTER: And all the narrative pages, Pages 42, 43 and 44, have been amended appropriately to reflect the numbers that you just laid out in the budget detail; is that correct?

MS. SMITH: Yes, that's correct.

COUNCILMAN NUTTER: Madam Chair, I have no further questions. I do want to say thank you to the witnesses at the table and the administration

staff that have worked so hard to make this happen and also thank Mayor Street and the chief of staff, Joyce Wilkerson, for their assistance in getting through the morning. Thank you, Madam President.

(Applause.)

COUNCIL PRESIDENT VERNA: You're welcome. The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Actually, Madam President, the Councilman already gave my speech, but I just wanted to also thank the members of the advocacy groups who continue to fight for support for the individuals that they represent and I want to commend you all for continuing to keep our feet to the fire. You did a good job.

(Applause.)

COUNCILMAN CLARKE: And also I would like to thank our colleagues for being patient today until we got this worked out and hopefully we will be able to get this supported and we will move on about our business of finally having a Council session today. Thank you, Madam President.

COUNCIL PRESIDENT VERNA: At this time the Chair recognizes Councilman Nutter regarding Bill No. 030372.

COUNCILMAN NUTTER: Thank you, Madam Chair.

I move the adoption of the proposed amendment to Bill 030372 as read into the record which has been distributed previously.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that the amendment be adopted. All in favor will signify by saying aye.

MEMBERS: Aye.

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it and the amendment has been adopted.

(Applause.)

COUNCIL PRESIDENT VERNA: The Chair again recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

I move that Bill No. 030372 as amended be reported out of this committee with a favorable recommendation, a further recommendation of the rules of Council be suspended so as to permit first reading at our next session.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Bill No. 030372 be reported out of committee with a favorable recommendation as amended; also, a further recommendation that the rules of Council be suspended so as to permit first reading at our next session of Council. All in favor will indicate by saying aye.

MEMBERS: Aye.

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it and the motion carries.

(Applause.)

COUNCIL PRESIDENT VERNA: The Chair recognizes Councilwoman Tasco regarding Resolution No. 030429.

COUNCILWOMAN TASCO: Thank you, Madam President.

On behalf of Councilman Darrell Clarke and myself, I offer amendment to the resolution which adds some additional properties for acquisition in the Ninth and Fifth Districts, and I will note that all of these properties are vacant.

COUNCIL PRESIDENT VERNA: Councilwoman Tasco, I believe everyone has a copy of the proposed amendment.

COUNCILWOMAN TASCO: Madam Chair, I move for the adoption of the amendment.

COUNCIL PRESIDENT VERNA: It has been moved and seconded that the amendment be adopted. All in favor will signify by saying aye.

MEMBERS: Aye.

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it. The motion carries.

The Chair again recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: Madam President, I move that Resolution 030429 be voted out of committee with a favorable recommendation as amended and a request for suspension of the rules.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Resolution 030429 be reported out of committee with a favorable recommendation as amended and also a motion that the

rules of Council be suspended. All those in favor will signify by saying aye.

MEMBERS: Aye.

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it and the motion carries.

The Chair recognizes Councilwoman Tasco regarding Resolution No. 030306.

COUNCILWOMAN TASCO: Madam President, I move that Resolution --

COUNCIL PRESIDENT VERNA: Councilwoman, there are amendments that have to be approved.

COUNCILWOMAN TASCO: I move that we adopt the amendments of Resolution 030306.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that the amendment be adopted. All in favor will signify by saying aye.

MEMBERS: Aye.

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it and the motion carries.

The Chair again recognizes Councilwoman Tasco.

COUNCILWOMAN TASCO: I move that Resolution 030306 be reported out of committee with a favorable recommendation.

(Duly seconded.)

COUNCIL PRESIDENT VERNA: It has been moved and seconded that Resolution No 030306 -- the Chair recognizes Councilman Cohen.

COUNCILMAN COHEN: I'm asking what is the substance of that resolution, very briefly.

COUNCIL PRESIDENT VERNA: It was the resolution that was circulated and I believe that Mr. Hanna -- it was the NTI resolution.

COUNCILWOMAN TASCO: NTI resolution, Councilman Cohen, that accompanies the bill that Councilman Nutter amended.

COUNCILMAN COHEN: Okay. Very good. Thank you.

COUNCIL PRESIDENT VERNA: All in favor will indicate by saying aye.

MEMBERS: Aye.

COUNCIL PRESIDENT VERNA: Those opposed?

(No response.)

COUNCIL PRESIDENT VERNA: The ayes have it and the resolution, as amended, has been adopted.

(Applause.)

COUNCIL PRESIDENT VERNA: This concludes our public meeting. Thank you all very much for your patience.

(The meeting adjourned at 1:45 p.m.)

CERTIFICATE

I HEREBY CERTIFY that the foregoing proceedings of the Committee of the Whole of the Council of the City of Philadelphia of June 5, 2003, were reported fully and accurately by me, and that this is a correct transcript of same.

_____

Cynthia A. Whyte, RPR

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