South Street West
Business Association

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June 29, 2015

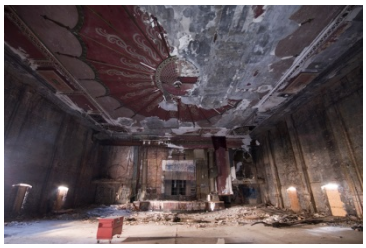
Dr. Jon Farnham (jon.farnham@phila.gov)
City of Philadelphia
The Historical Commission—Financial Hardship Committee
City Hall, Room 576
Philadelphia, PA 19107

Re: 1524-1535 South Street, Committee on Financial Hardship
9:00 a.m. Tuesday 30 June 2015, City Hall Room 578

Dear Dr. Farnham:

The South Street West Business Association (SSWBA) represents the interests of businesses along South Street from 13th Street westward, to the banks of the Schuylkill River. The Royal Theater, which is situated on the 1500 block of South Street, sits in the heart of our commercial corridor.

Following the Dranoff team's presentation at the November 2014 SSWBA general meeting, our membership unanimously voted in supported of a change in the underlying zoning from CMX 2 to CMX 3, given the unique nature of the parcel and the benefits to our burgeoning business corridor and the adjacent residential neighborhoods far outweigh any potential detrimental effects. Namely, the following factors were considered, at the general membership meeting, in the context of the Royal Theater's recent state of repair:



Hidden City Philadelphia 2009

Plan Philly 5/13/13

- The removal of what has become, over the decades, a blighted property and the adjacent empty lots in the core of our corridor will benefit both residents and businesses alike. In

Philadelphia, vacant lots have been found to decrease surrounding property values by as much as 20%[1]

- The ground floor component promises to attract an *anchor* commercial/retail tenant with a generous 7,600 square feet of floor area (including a rear mezzanine level) and 20' floor to ceiling heights. The commercial component has the potential to serve as a community gathering place and we encourage the Dranoff team to solicit a tenant whose core purpose will be to serve the community, as a reflection of the Royal Theater's historic role as a community gathering place. It is our understanding the Dranoff team is currently looking to attract a gourmet grocer as an anchor tenant that will serve the community.

- Preservation of the façade (at significant cost) with side set-backs above 20' will accentuate The Royal Theater's prominent historical role in our community.

- Due to the historic nature of the façade which is to be preserved on the residential level at the third story, the developer cannot have windows directly facing South Street on that level, which required additional design challenges, resulting in the side setbacks and carve outs which allow for easterly and westerly windows in the third story residential units set behind the façade, reducing developable residential square footage.

- Residential density in the form of forty high-end rental apartments will provide a permanent customer base of residents, with means, who will live and spend time and money along South Street West, providing both a steady stream of vitality and revenue to the corridor.

- The addition twenty parking spots via a single rear-access curb cut (relocated at the request of the Kater Street neighbors to open across from the rear of The Bainbridge Club) will not significantly impair character of the Kater Street streetscape in light of the fact that the 1500 block of Kater Street already has no fewer than twelve residences with front loading garage doors. Additionally, the ratio of 20 parking spots to 45 rental units (44%) is in keeping with the rental unit-vehicle parking ratio per 2010 Census data for the 19146 area code, which reflects an estimated demand of 19.2 parking spaces for the 45 units proposed at that time. Therefore, we found that an insignificant impact would be imposed on the surrounding neighborhood, in terms of parking as a result of the proposed residential component.

- This development is located 1.5 blocks from the Broad and South Subway Station, and sits along the #40 and #2 bus lines, making this a transit rich location, reducing the need for automobile access to the site. In keeping with principles of transit oriented development (TOD), additional residential density mixed with commercial uses is consistent with the recommendations set forth in the Philadelphia 2035 Comprehensive Plan regarding TOD development along commercial corridors.

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[1] See 2010 Econsult report at pp 7-8: http://planphilly.com/uploads/media_items/http-planphilly-com-sites-planphilly-com-files-econsult_vacant_land_full_report-pdf.original.pdf

- The full 50' height is set back 10' from the Kater Street building line and 5' from the South Street building line starting at the fourth story, to accommodate concerns over shading, creating a "visual canyon" and drawing attention away from the South Street Façade. Note that this building is situated to the north of Kater Street, which minimizes any legitimate concerns over shading.

- The addition of street trees along South Street and green treatments along Kater Street will enhance the pedestrian experience along both streets, while mitigating concerns that the building's canopy may dominate the streetscape despite the proposed setbacks.

- The provision of interior and exterior bicycle parking facilities will increase access to the corridor without the need to use automobiles[2];

- Additional activity and lighting generated from the businesses below and the residential units above will further enhance safety along both South Street and Kater Street.

Following consideration of the above factors, in November 2014 the South Street West Business Association voted unanimously to support the rezoning of the parcels to accommodate the proposed demolition and rebuilding of the structure, with only the façade to be preserved. Had the proposed design failed to offer so many positive considerations for our member businesses, the proposal would not have been as favorably viewed.

As specifically pertaining to the financial hardship aspect of the application, the building had already been suffering from demolition by neglect prior to Universal Companies' assumption of control of the building. From that point forward, Universal proffered several proposals to re-open the theater, while attempting to maintain the building's structural integrity. Over time, however, the building's condition did deteriorate, despite attempts to mitigate the decay. Now, there is no salvageable aspect of the theater to restore, and even if there was an extant theater capable of restoration, there would be no realistically feasible theater related use that would allow the single hall to remain in the black. Further, when comparing the benefits of the boom-bust cycle of a theater in the midst of a commercial corridor versus a large anchor business that provides a steady stream of customers, the latter is preferable in terms of congestion and staffing.

Lastly, it is our understanding that the Dranoff team has met with the Kater Street neighbors on numerous occasions, providing a variety of design proposals to the Kater Street façade in response to the concerns of the neighbors (with the latest compromise, being a six foot street level setback from the building line on the street, to emulate the feel of a pocket park and reduce the perception of enclosure caused by a large building on a narrow street. While The South Street West Business Association has not been intimately involved in those negotiations, we are mindful that the retention of lawyers, architects and designers for the various redesign proposals and meetings, could only have increased the cost of the

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[2]Recent studies show that pedestrians and bicyclists spend more money per month per person at urban commercial corridors than automotive users, across most retail and commercial segments. http://otrec.us/main/document.php?doc_id=1250 Therefore, we encourage any amenities that attract those travel mode users to our corridor.

project. Further, in addition to increased upfront costs, the long term rental revenue that the building will generate will likely be reduced as a result of the agreed-to 6' setback at ground level on Kater Street.

For the above reasons, we request that the Financial Hardship Committee of the Historical Commission of Philadelphia make a finding that there is a financial hardship, allowing this application to go forward to the full Historical Commission for a final vote on whether this matter may proceed forward, presently scheduled for July 10, 2015.

Sincerely,

Marcus Iannozzi
Chair
South Street West Business Association

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